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An Investigation of Local Councils Funding Schemes launched between 2008 and 2013

Table of Contents

List of Tables and Figures	5
List of Abbreviations	7
Executive Summary	9
Chapter 1 – Introduction	15
1.1 A Request for an Investigation	16
1.2 Terms of Reference	17
1.3 An Overview of the Local Councils' Funding Schemes	17
1.4 Methodology	20
Chapter 2 – The Resurfacing of Roads through Public Private Partnerships	23
2.1 Memo 45/2010: Kuntratti Ġodda dwar Resurfacing ta' Toroq b'Sistema ta' Public Private Partnership	24
2.2 An Analysis of the Applications Submitted	26
Application Process for the PPP Roads Scheme	26
Award of Grants	28
Revision of Grants	33
2.3 Other Departures from Criteria Established in Memo 45/2010	39
2.4 Payments from PPP Funds Not Related to Memo 45/2010	40
Chapter 3 – Schemes Launched in 2008 and 2009	45
3.1 Memo 37/2008: Skema dwar Attivitajiet Kulturali	46
3.2 Memo 38/2008: Skema dwar Proġetti Energy Saving	52
3.3 Memo 24/2009: Skema dwar Aċċessibilità Aħjar fil-Lokalitajiet	59
3.4 Memo 25/2009: Fondi Speċjali għal Lokalitajiet bi Bżonnijiet Speċjali	65
3.5 Memo 28/2009: Skemi dwar Enterprise Support Award u Green Challenge Award	69
Enterprise Support Award	71
Green Challenge Award	73
3.6 Memo 42/2009: Skema dwar Inizjattivi ta' Attivitajiet 2010	75
3.7 Memo 48/2009: Fondi Speċjali	81
Chapter 4 – Schemes Launched in 2010	85
4.1 Memo 7/2010: Skema dwar Aċċessibilità Aħjar fil-Lokalitajiet	86
4.2 Memo 10/2010: Skema dwar Proġetti ta' Energija Alternattiva	91
4.3 Memo 15/2010: Fondi Speċjali għal Lokalitajiet bi Bżonnijiet Speċjali	95
4.4 Memo 18/2010: Skema ta' Finanzjament għal Lokalitajiet Sostenibbli	100
4.5 Memo 21/2010: Skema ta' Finanzjament għal Restawr ta' Postijiet Storici Żgħar	104
4.6 Memo 27/2010: Skema ta' Finanzjament ta' Proġetti Speċjali f' Lokalitajiet Żgħar	110
4.7 Memo 32/2010: Skema ta' Għajnuna lill-Kunsilli Lokali li tul is-sena jilqgħu fihom Attivitajiet fuq Skala Nazzjonali li jkunu Organizzati Esklussivament mill-Gvern Ċentrali	114
4.8 Memo 73/2010: Inizjattiva Premju Lokalitajiet Indaf	117
4.9 Memo 94/2010: Skema ta' Finanzjament għall-Proġetti u Inizjattivi mill-Kumitati Amministrattivi fil-Lokalitajiet Tagħhom	123
4.10 Memo 95/2010: Skema dwar Inizjattivi ta' Attivitajiet 2011	126
Chapter 5 – Schemes Launched in 2011	133
5.1 Memo 55/2011: Skema ta' Finanzjament għall-Proġetti u Inizjattivi mill-Kumitati Amministrattivi fil-Lokalitajiet Tagħhom	134
5.2 Memo 65/2011: Skema dwar Inizjattivi ta' Attivitajiet 2012	136

5.3	Memo 87/2011: Skema ta' Finanzjament ta' Proġetti Speċjali 2011	144
5.4	Memo 122/2011: Skema ta' Finanzjament għal Restawr ta' Postijiet Storiċi Żgħar	148
Chapter 6 – Schemes Launched in 2012 and 2013		155
6.1	Memo 17/2012: Skema EGOV4U għall-Kunsilli Lokali	156
6.2	Memo 38/2012: Skema dwar Inizjattivi ta' Attivitajiet 2012/2013	158
	First Call	159
	Second Call	162
6.3	Memo 45/2012: Skema ta' Finanzjament ta' Inizjattivi Speċjali 2013	167
Chapter 7 – Conclusions		171
7.1	Overview of Schemes Reviewed	172
7.2	Memo 45/2010: Kuntratti Ġodda dwar Resurfacing ta' Toroq b'Sistema ta' Public Private Partnership	175
7.3	Other Schemes undertaken between 2008 and March 2013	180
	Memo 37/2008: Skema dwar Attivitajiet Kulturali	181
	Memo 38/2008: Skemi dwar Proġetti Energy Saving	182
	Memo 24/2009: Skema dwar Aċċessibilità Aħjar fil-Lokalitajiet	182
	Memo 25/2009: Fondi Speċjali għal Lokalitajiet bi Bżonnijiet Speċjali	183
	Memo 28/2009: Skemi dwar Enterprise Support Award u Green Challenge Award	184
	Memo 42/2009: Skema dwar Inizjattivi ta' Attivitajiet 2010	184
	Memo 48/2009: Fondi Speċjali	185
	Memo 7/2010: Skema dwar Aċċessibilità Aħjar fil-Lokalitajiet	186
	Memo 10/2010: Skema dwar Proġetti ta' Energija Alternattiva	186
	Memo 15/2010: Fondi Speċjali għal Lokalitajiet bi Bżonnijiet Speċjali	187
	Memo 18/2010: Skema ta' Finanzjament għal Lokalitajiet Sostenibbli	187
	Memo 21/2010: Skema ta' Finanzjament għal Restawr ta' Postijiet Storiċi Żgħar	188
	Memo 27/2010: Skema ta' Finanzjament ta' Proġetti Speċjali f' Lokalitajiet Żgħar	188
	Memo 32/2010: Skema ta' Għajnuna lill-Kunsilli Lokali li tul is-sena jilqgħu fihom Attivitajiet fuq Skala Nazzjonali li jkunu Organizzati Esklussivament mill-Gvern Ċentrali	189
	Memo 73/2010: Inizjattiva Premju Lokalitajiet Indaf	189
	Memo 94/2010: Skema ta' Finanzjament għall-Proġetti u Inizjattivi mill-Kumitati Amministrattivi fil-Lokalitajiet Tagħhom	190
	Memo 95/2010: Skema dwar Inizjattivi ta' Attivitajiet 2011	190
	Memo 55/2011: Skema ta' Finanzjament għall-Proġetti u Inizjattivi mill-Kumitati Amministrattivi fil-Lokalitajiet Tagħhom	191
	Memo 65/2011: Skema dwar Inizjattivi ta' Attivitajiet 2012	191
	Memo 87/2011: Skema ta' Finanzjament ta' Proġetti Speċjali	192
	Memo 122/2011: Skema ta' Finanzjament għal Restawr ta' Postijiet Storiċi Żgħar	192
	Memo 17/2012: Skema EGOV4U għall-Kunsilli Lokali	193
	Memo 38/2012: Skema dwar Inizjattivi ta' Attivitajiet 2012/2013	193
	Memo 45/2012: Skema ta' Finanzjament ta' Inizjattivi Speċjali 2013	194
7.4	Overall Conclusion	194
Appendices		197
	Appendix A – Request by the Public Accounts Committee	198
	Appendix B – List of Schemes ranked according to Funds Allocated	203

List of Tables

Table 1: Annual allocation	20
Table 2: Details of applications submitted (Memo 45/2010)	26
Table 3: Comparison of date of application and date of award (Memo 45/2010)	29
Table 4: Award of grants (Memo 45/2010)	31
Table 5: Revision of grants (Memo 45/2010)	34
Table 6: DLG grants for WSC-related works (Memo 45/2010)	40
Table 7: Expenditure Item 7267 - Local Councils Special Funds - Roads	43
Table 8: Scoring/funding system (Memo 37/2008)	49
Table 9: Comparison of average mark, Committee mark and amount allocated (Memo 37/2008)	50
Table 10: Allocation of funds under options A to C (Memo 38/2008)	56
Table 11: Variance between initial and revised funding (Memo 38/2008)	58
Table 12: Marking schedule (Memo 24/2009)	63
Table 13: Proposal evaluation overview (Memo 24/2009)	64
Table 14: List of projects, amount requested and allocated (Memo 25/2009)	67
Table 15: Allocation of the Enterprise Support Awards (Memo 28/2009)	72
Table 16: Allocation of the Green Challenge Awards (Memo 28/2009)	74
Table 17: Evaluation criteria utilised with respect to Memo 42/2009	77
Table 18: Award of grant based on marks obtained (Memo 42/2009)	78
Table 19: Allocation of marks and funding per initiative (Memo 42/2009)	78
Table 20: List of projects, cost estimate and allocated funds (Memo 48/2009)	83
Table 21: List of projects, amounts requested and allocated (Memo 7/2010)	89
Table 22: Applications acknowledged, project estimate and approved funding (Memo 10/2010)	93
Table 23: List of projects, estimate and amount allocated (Memo 15/2010)	97
Table 24: List of projects, estimate and amount allocated (Memo 18/2010)	103
Table 25: List of projects, estimate and approved funding (Memo 21/2010)	106
Table 26: List of projects, estimate and approved funding (Memo 27/2010)	111
Table 27: List of projects, amounts requested and allocated (Memo 32/2010)	116
Table 28: Amounts requested and allocated by LC/AC (Memo 73/2010)	119
Table 29: Marks allocated and award granted (Memo 73/2010)	122
Table 30: List of projects, funds requested and allocated (Memo 94/2010)	124
Table 31: List of projects, estimate and amount awarded (Memo 95/2010)	129
Table 32: Allocation of funds to ACs (Memo 55/2011)	135
Table 33: List of projects, funds requested and granted (Memo 65/2011)	138
Table 34: Revised funding allocation (Memo 65/2011)	142
Table 35: List of projects, estimates and approved funding (Memo 87/2011)	145
Table 36: List of projects, estimate and approved funding (Memo 122/2011)	150
Table 37: List of projects, funds requested and approved (Memo 38/2012 – First Call)	160
Table 38: List of projects, funds requested and approved (Memo 38/2012 – Second Call)	163
Table 39: List of projects, amounts requested and other funding sourced (Memo 45/2012)	168
Table 40: Amounts allocated (Memo 45/2012)	169
Table 41: Applications submitted and approved per LC/RC, 2008-2013	172
Table 42: Funds allocated per LC/RC, 2008-2013	173

List of Figures

Figure 1: Allocated funds for 2008-2013 based on quintile classification at the LC level	175
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List of Abbreviations

AC	Administrative Committee
AG	Auditor General
DG LG	Director General Information, Local Government and Public Consultation
DLG	Department for Local Government
KNPD	Kummissjoni Nazzjonali Persuni b'Dizabilità
kWh	kilowatt-hour
LC	Local Council
LCA	Local Councils Association
MEPA	Malta Environment and Planning Authority
MEUSAC	Malta-EU Steering and Action Committee
MFEI	Ministry of Finance, the Economy and Investment
MJDF	Ministry for Justice, Dialogue and the Family
MP	Member of Parliament
MRA	Malta Resources Authority
MTA	Malta Tourism Authority
MTCE	Ministry for Tourism, Culture and the Environment
n/a	not available
NAO	National Audit Office
NGO	non-governmental organisation
OPM	Office of the Prime Minister
PAC	Public Accounts Committee
PPP	public-private partnership
PS LC	Parliamentary Secretary for Consumers, Fair Competition, Local Councils and Public Dialogue
PV	photovoltaic
RC	Regional Committee
WSC	Water Services Corporation

Executive Summary

Executive Summary

1. In a letter dated 25 March 2015, the Minister for Justice, Culture and Local Government and the Parliamentary Secretary within the Ministry, invoked the legal rights emanating from their responsibilities as Minister and Parliamentary Secretary responsible for local government, and requested the Auditor General to investigate operational aspects of local councils (LC) funding schemes launched during the previous legislature. The schemes were undertaken between 2008 and 2013. The National Audit Office (NAO) was requested to examine the implementation of the various schemes, aimed at assisting LCs in carrying out diverse initiatives in their locality. This Office was to establish whether the processes applied, the structures of government utilised and the administrative decisions taken were in line with the expected principles of good governance and transparency. Aside from the Minister for Justice, in his role as minister responsible for local government and as member on the Public Accounts Committee (PAC), and the Parliamentary Secretary within his Ministry, the two other Government Members of Parliament (MPs) on the PAC endorsed the request.
2. The request put to the NAO was dual. First, this Office was requested to investigate grants made to LCs for the resurfacing of residential roads through public-private partnership (PPP) agreements. This scheme was launched by the Office of the Prime Minister through Memo 45/2010 on 22 March 2010. Second, a list of 44 funding schemes that were undertaken between 2008 and March 2013, and the respective appropriated amounts, was forwarded with the request. The various schemes, listed according to the year of issue, were also to be reviewed by the NAO.
3. In addressing the request made to the NAO, this Office referred to the concerns raised by the Government MPs in the correspondence dated 25 March 2015. Against this background, in a letter dated 10 April 2015 submitted to the Chair PAC, the NAO identified four main areas that required verification, namely:
 - a. the process adopted by the Department for Local Government (DLG) whereby LCs were requested to submit proposals for financing through the various funding schemes;
 - b. the process utilised in the selection of proposals, in particular with respect to the government structures responsible for this process, as well as the criteria established in this context;
 - c. the appeals process, if applicable; and

d. other aspects related to the management, governance, transparency and accountability related to the schemes.

4. With regard to the road resurfacing scheme through PPP agreements, LCs were to identify the roads that were to be resurfaced and submit corresponding cost estimates to the DLG. Once approved by the DLG, the LC was to issue a call for tenders based on the specific conditions appended to Memo 45/2010. The DLG indicated its commitment towards supporting this initiative by matching the LCs' financial allocation for road maintenance for the first year of the PPP, effectively doubling the budget available for such works. In the second year of the PPP, the DLG would increase the LCs' road maintenance allocation by 25 per cent. Applications were to be processed in chronological order based on the date of receipt by the DLG. Overall, the scheme for the resurfacing of roads through PPP agreements resulted in a disbursement of €6,003,251, corresponding to 54 grants made to 48 LCs.
5. In addition to the funds allocated for road resurfacing works, the DLG issued numerous funding schemes during the period 2008-2013 as part of the measures undertaken by central government for the development of sustainable localities. The schemes varied significantly, from the cleaning of localities to the restoration of artefacts, the organisation of cultural activities and the installation of energy saving equipment. Of the 44 schemes indicated in the request, the NAO reviewed 24, which accounted for an aggregate disbursement of €5,516,161.
6. In all, the NAO reviewed 25 LC funding schemes issued between 2008 and 2013. Of the 1,262 applications submitted in respect of these schemes, 779 were approved for funding. These resulted in an aggregate funding allocation of €11,519,388. Hereunder are the salient conclusions arrived at by this Office following its review.
7. In principle, the NAO considers the LC funding schemes to constitute an effective means of support afforded to LCs by central government. Such schemes are particularly effective in aligning local government initiatives with central government priorities through the channelling of funds to specific activities, functions and projects. Furthermore, the schemes serve as an effective means in addressing gaps in the funding mechanism that arise from incongruence between the parameters utilised in the funding model and particular locality characteristics that are not reflected in the criteria on which the annual allocations to LCs are based. Among others, these gaps may relate to the added burden to LCs in addressing the influx experienced due to seasonal, commercial or touristic factors. Despite the evident validity of the schemes, the NAO noted a number of shortcomings relating to their management and administration.
8. The NAO noted that no budget was set for a number of schemes. This was particularly evident in the scheme for the resurfacing of roads, which resulted in a disbursement in excess of €6,000,000. This Office considered the failure to specify an overall limit as a shortcoming in terms of financial control. Other concerns relating to financial control applied to instances when budgets were set yet not adhered to. In the majority of cases, variations in this respect resulted in the allocation of additional funds; however, this Office was not provided with documentation indicating justification for the increased allocation and authorisation obtained. Notwithstanding this, the NAO established that the Parliamentary Secretary for Consumers, Fair Competition, Local Councils and Public Dialogue (PS LC) generally authorised the additional allocation of funds, citing the many valid applications made by LCs and the broad support that such funding afforded.

9. The NAO identified serious shortcomings in the retention of documentation relating to the LC funding schemes reviewed. Application forms submitted by LCs were not provided to the NAO, or deemed incomplete by this Office, in the majority of schemes reviewed. The DLG's failure to provide documentation in this regard impeded the NAO from verifying the most basic aspects relating to the schemes, effectively constraining the Office to rely on information compiled by the Department or the Evaluation Committees tasked with adjudication. Other missing documentation, albeit to varying degrees, related to the appointment of Evaluation Committee members, minutes of meetings, evaluation reports and letters of acceptance or refusal. Deficiencies of this nature undermined the accountability and transparency that should characterise the disbursement of public funds. In this Office's opinion, these deficiencies are attributable to weak management structures and processes, which fail to ensure that the principles of good governance are respected.
10. The NAO noted that the appointment of members to Evaluation Committees was not formally documented in the vast majority of the schemes reviewed. Although this Office was generally able to establish the composition of Committees through the review of evaluation reports or meeting minutes, there were instances when this was not possible. While the failure to issue formal letters of appointment may be considered as an administrative shortcoming, the instances where the existence of an Evaluation Committee, or the members appointed thereto, could not be ascertained are of a more serious nature. In these circumstances, it was not possible to determine who was responsible for the evaluation of proposals, essential in providing an element of accountability.
11. Of serious concern to the NAO were the schemes where no evaluation report was provided despite numerous requests made. In the light of such absences, the NAO could not establish the justification for such disbursements. In other cases, evaluation reports reviewed provided scant details, merely reproducing extracts from applications made by LCs and lacking any form of critical input by the Committee. These scenarios are deemed unacceptable by this Office, effectively detracting from the expected level of accountability that should be evident in decisions taken leading to substantial disbursements of public funds.
12. Another aspect deemed integral in ensuring accountability is the retention of meeting minutes, which would serve to outline the decision-making process employed by Evaluation Committees. In the majority of schemes reviewed, the NAO was either not provided with any minutes or only furnished with incomplete records relating to meetings held. The absence of minutes hindered the NAO's understanding of how decisions were arrived at by the appointed Committees, rendering unclear the factors that were considered at evaluation stage and the rationale employed in determining eligibility, selection and funding. Similar concerns emerge with respect to revisions in grants, which at times were substantial in terms of materiality yet inadequately justified. The NAO noted other shortcomings relating to how applications were scored and the subsequent allocation of funds arising therefrom. Although a list of criteria and corresponding marks were at times specified, the NAO was generally not provided with documentation indicating their application to proposals received.
13. In the NAO's opinion, the Parliamentary Secretariat for LCs, the DLG and the various Evaluation Committees each had key functions in the overall management, administration and implementation of the funding schemes. However, at times, the NAO deemed the intervention of the Secretariat as unwarranted, encroaching on the remit of the Evaluation Committees and the DLG. This Office identified instances

where the Parliamentary Secretariat was involved in the shortlisting of applications received, the evaluation of submissions and the determination of funds to be allocated. The NAO recognises that interventions by the Policy Coordinator at times emanated from her role as Chair or member of Evaluation Committees. Yet, the NAO identified instances that could not be understood in this context. On the other hand, the PS LC maintained that his role was mainly to provide general direction, oversight of the schemes and support in case of difficulties encountered. However, the PS LC insisted that his interventions never resulted in the withholding or redirection of funds to specific LCs, but were meant to facilitate the allocation of funds among LCs. Nevertheless, the NAO maintains an element of reservation, as documentation reviewed indicated that the PS LC's involvement occasionally impinged on the independence of the Evaluation Committees. This was evident in revisions to grants or in instances when funds were sourced through direct recourse to the PS LC. This Office is of the opinion that, in line with the principles of good governance, the PS LC should have ensured that the proper decision-making structures, reporting arrangements and systems of record keeping were in place rather than intervene in a direct manner through the allocation of grants to specific LCs.

14. Other shortcomings identified by the NAO may broadly be understood as departures from the conditions stipulated in memos and guidance notes issued with respect to the schemes. These instances of non-adherence related to various aspects, including changes in the modality of financing, the treatment of late applications, stipulated completion dates and payment terms. Other departures involved the extension of deadlines for the submission of applications and the failure to adhere to thresholds set. These changes were often inadequately documented, rendering it impossible for the NAO to establish whether all LCs were notified of changes in the schemes' parameters, thereby ensuring the principle of fairness.

Chapter 1

Introduction

Chapter 1 – Introduction

1.1 A Request for an Investigation

- 1.1.1 In a letter dated 25 March 2015, the Minister for Justice, Culture and Local Government and the Parliamentary Secretary within the Ministry, invoked the legal rights emanating from their responsibilities as Minister and Parliamentary Secretary responsible for local government, and requested the Auditor General (AG) to investigate the operational aspects of the local councils (LC) funding schemes launched during the previous legislature. The schemes were undertaken between 2008 and 2013. The National Audit Office (NAO) was requested to examine the implementation of the various schemes, aimed at assisting LCs in carrying out diverse initiatives in their locality. This Office was to establish whether the processes applied, the structures of government utilised and the administrative decisions taken were in line with the expected principles of good governance and transparency. Aside from the Minister for Justice, in his role as minister responsible for local government and as member on the Public Accounts Committee (PAC), and the Parliamentary Secretary within his ministry, the two other Government Members of Parliament (MPs) on the PAC endorsed the request.
- 1.1.2 The request made to the NAO was dual. First, this Office was requested to investigate grants made to LCs for the resurfacing of residential roads through public-private partnership (PPP) agreements. This scheme was launched by the Office of the Prime Minister (OPM) through Memo 45/2010 on 22 March 2010. Second, a list of 44 funding schemes that were undertaken between 2008 and March 2013, and the respective appropriated amounts, was forwarded with the request. The various schemes, listed according to the year of issue, were also to be reviewed by the NAO (Appendix A refers).
- 1.1.3 On 23 March 2015, another request was made to the NAO by the Opposition MPs on the PAC and two Opposition Members, spokespersons for home affairs and national security, and local government, respectively. In this regard, the AG was to investigate the selection process leading to the allocation of funds made to LCs through the Local Councils' Capital Projects Fund and to identify the officials responsible for the process' shortcomings in terms of transparency, good governance and fairness. This matter is being reported on under separate cover.

1.2 Terms of Reference

1.2.1 In addressing the request made to the NAO, this Office referred to the concerns raised by the Government MPs in the correspondence dated 25 March 2015. Against this background, in a letter dated 10 April 2015 submitted to the Chair PAC, the NAO identified four main areas that required verification, namely:

- a. the process adopted by the Department for Local Government (DLG) whereby LCs were requested to submit proposals for financing through the various funding schemes;
- b. the process utilised in the selection of proposals, in particular with respect to the government structures responsible for this process, as well as the criteria established in this context;
- c. the appeals process, if applicable; and
- d. other aspects related to the management, governance, transparency and accountability related to the schemes.

1.2.2 Stated in this correspondence was the fact that, for reasons of practicality and resources, the NAO was constrained to select a sample from the extensive list of schemes forwarded with the ministerial request.

1.3 An Overview of the Local Councils Funding Schemes

1.3.1 The Malta Policy for Local Governance 2009 was published by Government on 23 April 2009. This policy document was part of a wider reform process aimed at increasing the accountability of localities, providing a stronger framework for LCs to work collaboratively and ensuring the sustainable development of localities in Malta and Gozo. According to this document, central government intended to offer incentives that assisted LCs to adopt and contribute towards national strategies, employ efficient energy use, manage waste and create educational programmes that promoted the participation of the community in environmental, social and cultural issues. More specifically, the document identified the need for the introduction of funding schemes to assist LCs in the implementation of projects and initiatives aimed at sustainability and quality services to residents for which funding from the LCs' annual budget might not be readily available.

1.3.2 The Policy prioritised collaborative work that LCs could undertake through PPPs, as well as with voluntary and non-governmental organisations (NGOs). Against this background, the DLG issued Memo 45/2010, which introduced LCs to the concept of PPPs for road resurfacing works. In this respect, LCs were to partner with a contractor, who would carry out the necessary works on roads that fell under the responsibility of the respective LC and that were to be identified by the Council in a call for tenders.

1.3.3 A number of conditions were appended to the Memo. Inter alia, these required LCs to issue a call for tenders for resurfacing works on residential roads that fell within their locality. The works had to be completed within a one-year timeframe. In addition, the contractor was bound to carry out any necessary maintenance on the resurfaced roads for eight years after completion.

1.3.4 Interested LCs were to forward to the DLG a list of the roads that were to be included in the call for tenders, together with an architect's estimate of the cost of works. Following the DLG's approval, LCs were to issue a call for tenders in line with the

requirements of Memo 45/2010, in particular the 'Specific Conditions of Contract and Specifications for the Resurfacing of Roads' appended thereto. These included provisions relating to the applicability, scope and duration of the contract, work methods, quality assurance and control, default in performance and delays, and maintenance.

- 1.3.5 The terms of payment that LCs were to adhere to in the settlement of contractor fees were also stipulated in Memo 45/2010. In this regard, LCs were to pay the contractor 40 per cent of the certified cost on completion of the works. One year after completion, councils were to settle 20 per cent of the cost of the road works and, after the second year, LCs were to pay a further 10 per cent of the final bill. Over the next six years, LCs were to pay 5 per cent of the cost annually. In effect, according to the Memo, the amounts owed to contractors would have been fully settled only after the eighth year from the completion of road works.
- 1.3.6 Memo 45/2010 also indicated the amount of funding that the DLG was committing in respect of this scheme. According to the Memo, the DLG was to, in the first year of the scheme, match the selected LC's financial allocation for road maintenance made from the council's budget. In the second year, the LC was to be granted a 25 per cent increase over its budgetary allocation for road maintenance for the year. Interested LCs were to submit their applications at the earliest, as the call for applications was to remain open until the funds allocated to the scheme were exhausted. Moreover, applications were to be processed according to the date of receipt by the DLG.
- 1.3.7 Based on the review of documentation retained by the DLG and obtained from LCs, the NAO established that 49 LCs submitted 55 applications for funding under this Memo, with six LCs submitting two applications each. On the other hand, no information was sourced with regard to applications submitted by eight LCs despite requests made to the DLG and the individual Councils. The estimated cost of road works for which funds were applied for amounted to €18,071,049; however, this amount does not include costs relating to applications submitted by three LCs, for which no information was made available to this Office.
- 1.3.8 The 54 grants approved by the DLG with respect to Memo 45/2010 amounted to €5,668,539. In aggregate, and eliminating the cost of works with respect to the three applications for which this information was not available, the allocation of funds was equivalent to 30 per cent of the total estimated costs. This was in line with the funding mechanism stipulated in the letters of award that, however, differed from that initially indicated in the Memo. In the letters of award, the DLG indicated that the Department was to transfer half of the amount due by the LC to the contractor on completion and certification of the works. In effect, the DLG was to commit funds equivalent to half the 40 per cent payment that the council was to settle with the contractor, that is, 20 per cent of the total cost. In addition, the DLG committed half of the 20 per cent payment due by the LC to the contractor one year after the completion of the works. In this respect, the DLG would be funding 30 per cent of the total project cost, with 20 per cent covered in the first payment made and 10 per cent through its second payment. Of the €5,668,539 total funding allocated in respect of Memo 45/2010, €3,818,395 were to be paid to the LCs on completion and certification of works. The remaining €1,850,144 was to be transferred to the LCs one year after the completion.
- 1.3.9 In addition to the funds allocated for road resurfacing works, the DLG issued numerous funding schemes during the period 2008-2013 as part of the measures undertaken by

central government for the development of sustainable localities, of which 42 were indicated to the NAO in the request for investigation made.¹ The schemes varied significantly, from the cleaning of localities to the restoration of artefacts and the installation of energy saving equipment. Financial assistance for the implementation of events throughout the year addressed the need to diversify the product offered, reduce seasonality and provide a better distribution of income within localities. Such schemes served as an incentive to councils that proposed initiatives aimed at promoting their localities' cultural heritage through the promotion of traditional activities that enhanced the visibility and created awareness of Malta's cultural diversity.

1.3.10 Other schemes targeted the restoration and conservation of sites, monuments and artefacts of historic value that could be undertaken by LCs and which otherwise were at risk of neglect. Grants for the introduction of renewable and energy-saving initiatives were not only meant to contribute towards Government's 2020 targets for renewable energy, but were intended to aid LCs to lower energy costs and encourage residents to adopt similar practices. A number of funding schemes were to address issues related to the cleaning and upkeep of localities. Funds appropriated under these schemes were to address shortcomings in the annual allocations made to LCs in terms of the Eight Schedule of the Local Councils Act (Chapter 363), which did not necessarily provide for the influx in certain localities resulting from seasonal, commercial or touristic factors. A number of grants were also made to finance libraries under the responsibility of LCs, support sporting activities, provide lifelong learning courses to residents, or render council premises more accessible.

1.3.11 The NAO broadly identified 16 categories of funding schemes and two award schemes targeting specific initiatives to be undertaken by LCs, namely:

- a. cultural activities (5);
- b. libraries (5);
- c. sports (5);
- d. lifelong learning (3);
- e. special projects and initiatives (3);
- f. accessibility (2);
- g. administrative committees (2);
- h. alternative energy (2);
- i. cleaner localities (2);
- j. EGOV4U(2);
- k. historical places (2);
- l. small localities (2);
- m. special needs (2);
- n. sustainable development (2);
- o. book box (1);
- p. national activities (1);and
- q. the Green Challenge Award and the Local Enterprise Award (1).

1.3.12 The administrative process adopted for the issue and management of the funding schemes was initiated with the issuance of a memo. In the memo, details such as the purposes that the scheme aimed to accomplish and what type of proposals

¹ Although the request made listed 44 schemes, the NAO established that the Enterprise Support Award and the Green Challenge Award were issued under Memo 28/2009 and hence considered as one scheme. In addition, two calls for applications were made under Memo 38/2012. While the request listed the two calls as distinct schemes, the NAO considered them as one. This resulted in the cited total of 42 schemes.

would qualify for funding were outlined. By the stipulated deadline, LCs (as well as Administrative Committees (ACs) and Regional Committees (RCs), where applicable) were to submit applications with the details requested in the memo and the template application form, if provided. An Evaluation Committee, generally appointed through the Parliamentary Secretariat responsible for local government, would subsequently review the applications received and establish which submissions merited funding. The decisions made by the Committee in the selection of applicants were forwarded to the Parliamentary Secretary for Consumers, Fair Competition, Local Councils and Public Dialogue (PS LC) for endorsement. The applicants would then be notified of the Evaluation Committee’s decision through an acceptance or rejection letter.

1.3.13 The 42 schemes listed in the request made to the NAO corresponded to an overall commitment of funds amounting to €6,250,514. The NAO selected a sample of 24 schemes, the basis of which is indicated in the ensuing section. Of the overall committed funds, the schemes selected for review by this Office accounted for a commitment of €5,566,661. In total, 1,217 applications were submitted with respect to the schemes reviewed, which submissions were made by 68 LCs, 15 ACs, 2 RCs and the Local Councils Association (LCA). The commitment of funds in respect of the population listed in the request and the sampled schemes, on a per year basis, are presented in Table 1.

Table 1: Annual allocation

Year	No. of schemes (population)	Amount committed (population) (€)	No. of schemes (sample)	Amount committed (sample) (€)
2008	2	459,400	2	459,400
2009	10	1,860,975	5	1,630,284
2010	13	2,344,806	10	2,243,525
2011	10	1,088,065	4	824,952
2012	7	497,268	3	408,500
Total	42	6,250,514	24	5,566,661

1.4 Methodology

1.4.1 This investigation was carried out in accordance with the provisions stipulated in Article 5(2)(b) of the Local Councils (Financial) Regulations (Subsidiary Legislation 363.01), Article 9(a) of the First Schedule of the Auditor General and National Audit Office Act, 1997 (Act XVI of 1997), and in terms of practices adopted by the NAO.

1.4.2 In the case of the PPP scheme for road resurfacing works, the NAO examined in detail all the documentation maintained by the DLG. In accordance with the terms of reference dated 10 April 2015, and to address established objectives, this Office reviewed the population of projects undertaken under this scheme. Documentation that was deemed relevant included:

- a. Memo 45/2010 issued by the DLG on 22 March 2010;
- b. applications submitted by LCs;
- c. letters of acceptance and rejection, as well as relevant correspondence submitted to applicant LCs by the DLG;
- d. letters regarding revisions in initial grant amounts;
- e. architects’ estimates of road resurfacing costs; and
- f. correspondence regarding additional costs/funds incurred in connection with related works undertaken by the Water Services Corporation (WSC).

- 1.4.3 When required, and if available, supplementary documentation drawn up by the DLG was reviewed. However, it must be noted that this Office was at times constrained to solely rely on working papers retained by the DLG without being provided with source documentation. Therefore, it was not always possible to verify the accuracy and completeness of data, an issue that was exacerbated by the lack of available third-party evidence, which could have been used to corroborate assertions and information presented by the DLG. Furthermore, this Office conducted meetings with the DLG official responsible for the oversight of this scheme in order to clarify matters.
- 1.4.4 With regard to the other schemes undertaken between 2008 and March 2013, the NAO conducted a pilot study of two of the schemes indicated in the request to the NAO. The two schemes, Memo 73/2010: Inizjattiva Premju Lokalitajiet Indaf and Memo 17/2012: Skema EGOV4U għall-Kunsilli Lokali, were randomly selected in this respect. Documentation retained by the DLG in relation to these schemes was examined by the NAO in order to determine the scope of the review.
- 1.4.5 In accordance with the terms of reference, set out by the NAO in the correspondence to the PAC dated 10 April 2015, this Office selected a sample of 22 schemes from the list submitted with the request. These were selected on the basis of materiality, effectively representing the schemes with the highest financial outlay. The two schemes initially reviewed in the pilot study were incorporated with the sample, resulting in a total of 24 schemes that accounted for 90 per cent of the aggregate funds appropriated during the five-year period under review.
- 1.4.6 This Office carried out a detailed analysis of all the pertinent documentation retained by the DLG in respect of the selected schemes. This included:
- a. the Memo issued by the DLG;
 - b. guidance notes to the Memo, when issued and available;
 - c. application forms submitted by the LCs, ACs and RCs;
 - d. minutes of the Evaluation Committee meetings held;
 - e. the evaluation report prepared by the Evaluation Committee;
 - f. letters of acceptance and rejection forwarded to the applicant LCs, ACs and RCs; and
 - g. correspondence exchanged between DLG officials, representatives of the Parliamentary Secretariat for Consumers, Fair Competition, Local Councils and Public Dialogue (hereinafter referred to as the Parliamentary Secretariat for LCs), the applicants, and any other Government officials and consultants involved in the process.
- 1.4.7 Other documentation reviewed by this Office included working papers and marking schemes, although the latter were not always available. It is imperative to note that the NAO was restricted to rely on the information retained in the DLG files, and the verification of the accuracy and completeness of data submitted was not always possible.
- 1.4.8 In addition, the NAO conducted meetings with the PS LC, the Policy Coordinator within the Parliamentary Secretariat for LCs and the DLG officials responsible for the coordination of the selected schemes. Where possible, the NAO interviewed all Chairpersons appointed to Evaluation Committees tasked with the adjudication of applications received. In this respect, feedback was obtained from the Director General Information, Local Government and Public Consultation (hereinafter

referred to as DG LG), the two Directors DLG in office at different periods during the years under review and the Logistics Coordinator OPM. This Office was unable to contact the Private Secretary to the Prime Minister, a retired public official and a former Ministry of Tourism official who chaired a number of Evaluation Committees. In cases where schemes extended beyond the term of the previous administration, the NAO directed queries to officials involved in decisions taken in this respect. Specifically, the NAO addressed queries to the Parliamentary Secretary for Culture and Local Government and an Adviser within his Secretariat. Public officers cited throughout the Report are referred to by their designation at the time reported on.

- 1.4.9 The Report is divided into seven chapters. This chapter presents an overview of the request submitted to the NAO and the terms of reference established for this investigation. Chapter 2 provides a detailed analysis of the selection process undertaken with respect to Memo 45/2010, which essentially related to the PPP agreements entered into by LCs with respect to road resurfacing works. A detailed analysis of the 24 selected funding schemes in respect of the period under review is presented in Chapters 3 to 6, categorised according to the year of issue. Finally, Chapter 7 presents the NAO's overall conclusions with regard to the findings put forward in the preceding chapters.

Chapter 2

The Resurfacing of Roads through Public-Private Partnerships

Chapter 2 – The Resurfacing of Roads through Public-Private Partnerships

2.1 Memo 45/2010: Kuntratti Ġodda dwar Resurfacing ta' Toroq b'Sistema ta' Public-Private Partnership

- 2.1.1 On 5 January 2010, Government announced a pilot project relating to the resurfacing of residential roads in three localities. The localities that were to participate in this project, selected on the basis of their preparedness to proceed with the call for tenders, were Kirkop, Madliena and Mqabba. A budget of €1,500,000 was allocated to the project, which was intended for resurfacing works on 58 roads. In this press release, the PS LC indicated that apart from this pilot project, Government would be shortly launching two other schemes intended to aid LCs in the resurfacing of residential roads under their responsibility. These two schemes were eventually issued under Memo 9/2010, titled 'Xogħol fuq Toroq Residenzjali' and Memo 45/2010, titled 'Kuntratti Ġodda dwar Resurfacing ta' Toroq b'Sistema ta' Public-Private Partnership'.
- 2.1.2 Memo 45/2010 was issued by the DLG on 22 March 2010 and focused on the resurfacing of roads under the responsibility of LCs through PPP schemes. In view of this, the DLG drafted the specific conditions that were to be utilised in the call for tenders that LCs were to issue for works to be carried out on a number of residential roads within their localities. The underlying concept of the tenders that were to be issued was that councils would enter into agreements with contractors for resurfacing works on a number of roads specified in the call for tenders.
- 2.1.3 This initiative, one of the schemes issued in 2010, was intended to assist LCs interested in entering into contracts of this nature. To this end, LCs were to identify the roads that were to be included in the call for tenders and submit corresponding cost estimates prepared by an architect to the DLG. Once approved by the Department, the LC was to issue a call for tenders based on the specific conditions appended to the Memo. The DLG indicated its commitment towards supporting this initiative by matching the LCs' financial allocation for road maintenance for the first year of the PPP, effectively doubling the budget available for such works. In the second year of the PPP, the DLG would increase the LCs' road maintenance allocation by 25 per cent.
- 2.1.4 Interested LCs were instructed to submit their application at the earliest since requests for financing would only be considered until the fund was exhausted.

Applications were to be processed in chronological order based on the date of receipt by the DLG. The NAO noted that no reference was made to the budget set and this Office could not ascertain whether any limit was in fact established in this respect. Notwithstanding this, the DLG indicated that although no specific budget had been set at the start of the scheme, approximately €1,000,000 per year had been allocated under Item 7267– Local Councils Special Funds – Roads.

- 2.1.5 As stated in paragraph 1.3.4 of this Report, appended to Memo 45/2010 was a document titled ‘Specific Conditions of Contract and Specifications for the Resurfacing of Roads’. This document was to define the parameters of the contracts that were to be entered into between LCs and contractors. Specified in this sense was that works covered by such contracts were restricted to the resurfacing of roads certified by Transport Malta as Category 4 roads, that is, roads that could be treated through resurfacing and did not require reconstruction.
- 2.1.6 The scope of the contracts to be entered into required that the contractor complete the resurfacing of all roads listed by the LC within one year of the signing of the contract. Following this, the contractor was bound to carry out maintenance works on the roads for eight years after the completion of the resurfacing works. The contractor was to complete a plan of work reflecting the priorities set by the LC. In this plan, the contractor was to specify all the works that were to be carried out against set timeframes, as agreed with the council, and indicate the relevant measurements and rates. At the end of each month, the contractor was to provide the LC with a statement listing all the works undertaken, which statement was to serve as the basis for subsequent payment.
- 2.1.7 The contract period was to be valid for nine years from the date of the letter of acceptance. Notwithstanding this, the LC reserved the right to terminate the contract at any time during this period should the contractor breach any of the required conditions, provided that one-month prior notice was given.
- 2.1.8 Furthermore, the contract was to specify the quality control measures that were to regulate the provision of works. All testing certificates, prepared at the contractor’s expense, were to be forwarded to the LC and certified by the council’s architect. If tests indicated a failure, the contractor was to state what remedial action would be taken, which was to be separately confirmed by the council’s architect.
- 2.1.9 Also specified were measures relating to defaults in performance and delays. In the eventuality of delays exceeding that specified in the monthly work plan by more than seven days, the contractor was to be held liable to a penalty of two per cent of the estimated cost of works of that road for every day during which the delay continued. This condition was not to apply in exceptional circumstances, particularly when the LC deemed such a delay to be justified.
- 2.1.10 On completion of the resurfacing works, the contractor was to carry out maintenance works on these roads for eight years after completion. To this effect, on completion of the resurfacing of each road, the contractor and LC were to sign a maintenance agreement specifying that the road was to be maintained to the standard certified by the council’s architect. Should maintenance works be required, the contractor was bound to effect such works within three working days of notice by the LC. Aside from other provisions regulating the contractor’s failure to abide by maintenance-related obligations, the LC reserved the right to hold the contractor liable for any claims by road users for any damages incurred due to reported road damage.

2.1.11 The specific contractual conditions appended to Memo 45/2010 outlined the terms of payment that were to be adhered to. On the completion of works, reckoned on a per road basis, the LC was bound to pay the contractor 40 per cent of the final bill as certified by the council's architect. The remaining payments were to be effected as follows:

- a. 20 per cent at the end of the first year after completion (on certification that test results of the works carried out complied with the required standards and specifications);
- b. 10 per cent at the end of the second year after completion (subject to compliance with the required standards and specifications); and
- c. five per cent each year from the end of the third year to the end of the eighth year after completion (again subject to compliance tests).

Payments that were to be effected were subject to any deductions to which the contractor may have become liable under the contract.

2.2 An Analysis of the Applications Submitted

Application Process for the PPP Roads Scheme

2.2.1 According to the instructions cited in Memo 45/2010, LCs that were interested in participating in this scheme were to submit an application to the DLG specifying the roads that were to be resurfaced together with an architect's valuation of the estimated costs. Based on the review of documentation retained by the DLG and obtained from LCs, the NAO established that 49 Councils submitted 54 applications for funding under this Memo (Table 2 refers), with the Ġhargħur, Mosta, St Paul's Bay, Xewkija and Żebbuġ (M) LCs each submitting two applications. This Office was unable to comprehensively analyse all applications as the information made available was fragmented and in certain cases incomplete. Only 10 of the applications submitted were retained by the DLG and the NAO was constrained to refer requests for information to the LCs that had put forward applications for funding, as indicated in the Department's working papers. Following requests made, this Office obtained documentation with respect to 35 out of the remaining 44 applications; however, in certain cases, the information provided was incomplete.

Table 2: Details of applications submitted (Memo 45/2010)

LC	Date of submission of application by the LC	Date of receipt of application by the DLG	Provision of list of roads (yes/no)	Provision of estimate by architect (yes/no)
Pietà	4 March 2010	n/a	yes	yes
Luqa	18 March 2010	n/a	yes	yes
Fgura	23 March 2010	n/a	yes	yes
Gżira	23 March 2010	n/a	yes	yes
Kerċem	23 March 2010	n/a	yes	no
Lija	23 March 2010	n/a	yes	yes
Marsa	24 March 2010	n/a	yes	yes
St Julians	24 March 2010	25 March 2010	yes	yes
Żurrieq	25 March 2010	26 March 2010	yes	yes
Ġhaxaq	26 March 2010	n/a	yes	yes
Tarxien	26 March 2010	29 March 2010	yes	yes
Ġhargħur (Batch 1) ¹	29 March 2010	5 April 2010	no	no
Iklin	29 March 2010	n/a	yes	yes
Żabbar	29 March 2010	29 March 2010	yes	yes

Għarb	1 April 2010	n/a	yes	yes
Birżebbuġa	3 April 2010	n/a	yes	yes
Valletta	6 April 2010	20 May 2010	yes	yes
Mgarr	7 April 2010	n/a	yes	yes
Xagħra	7 April 2010	n/a	yes	no
Xewkija (Batch 1)	9 April 2010	9 April 2010	yes	yes
Attard	12 April 2010	15 April 2010	yes	yes
Rabat (M)	12 April 2010	n/a	yes	yes
Mellieħa	15 April 2010	19 April 2010	yes	yes
Sliema	19 April 2010	n/a	yes	yes
Qrendi	22 April 2010	n/a	yes	yes
Mosta (Batch 1)	23 April 2010	n/a	yes	yes
Qala	23 April 2010	26 April 2010	yes	yes
Rabat (G)	28 April 2010	28 April 2010	yes	yes
Munxar	3 May 2010	5 May 2010	yes	yes
Żejtun	7 May 2010	7 May 2010	yes	yes
Birkirkara	(13 May 2010) ²	n/a	yes	yes
Dingli	(13 May 2010)	n/a	no	no
Msida	(13 May 2010)	n/a	no	no
Nadur	(13 May 2010)	n/a	no	yes
Paola	13 May 2010	19 May 2010	yes	yes
Pembroke	(13 May 2010)	n/a	yes	no
Senglea	(13 May 2010)	n/a	no	no
Vittoriosa	19 May 2010	26 May 2010	yes	yes
Sannat	6 July 2010	n/a	yes	yes
Fontana	(9 July 2010)	n/a	no	no
Kalkara	(9 July 2010)	n/a	no	no
San Ġwann ³	23 July 2010	28 July 2010	yes	yes
Santa Venera	(27 July 2010)	n/a	no	no
St Paul's Bay (Batch 1)	(30 July 2010)	n/a	yes	yes
Żebbuġ (M) (Batch 1)	(9 August 2010)	n/a	yes	yes
Santa Luċija	28 October 2010	1 November 2010	yes	yes
Sigġiewi	9 November 2010	n/a	yes	yes
St Paul's Bay (Batch 2)	(28 February 2011)	n/a	yes	yes
Xewkija (Batch 2)	30 March 2011	30 March 2011	yes	no
Żebbuġ (M) (Batch 2)	(10 August 2011)	n/a	no	no
Żebbuġ (G)	(10 November 2011)	n/a	yes	yes
Għargħur (Batch 2)	15 November 2011	28 November 2011	yes	yes
Għasri	23 February 2012	23 February 2012	yes	yes
Mosta (Batch 2) ⁴	7 September 2012	n/a	yes	no

Notes:

1. The application submitted by the Għargħur LC with respect to Batch 1 was not made available. The NAO did note an acknowledgement sent by the DLG on 5 April 2010, indicating that the Council had submitted an application on 29 March 2010.
2. Dates presented in brackets under the heading 'Application submitted by LC' represent the date of award of grant by the DLG. The NAO assumes that applications by LCs were submitted prior to this date and is merely presenting information in this manner as an indication of the possible chronology of submissions.
3. The application submitted by the San Ġwann LC was not provided to the NAO and information relating to the date of application was based on a letter of acknowledgement submitted by the DLG on 28 July 2010, wherein reference was made to the application dated 23 July 2010.
4. The application submitted by the Mosta LC with respect to Batch 2 was not provided to the NAO. This Office established this date of application through correspondence sent by the DLG on 24 October 2012, wherein reference was made to submissions dated 7 September 2012.

- 2.2.2 The NAO could not determine the date of receipt by the DLG of 34 of the 54 applications submitted. This information was deemed essential by this Office as applications were to be processed in chronological order according to the date of receipt by the Department. Of concern to the NAO was the fact that no information was obtained in respect of eight applications, namely those submitted by the Dingli, Fontana, Għargħur (Batch 1), Kalkara, Msida, Santa Venera, Senglea and Żebbuġ (M) (Batch 2) LCs, despite requests made to the DLG and the respective LCs. In this context, the NAO was constrained to rely on working papers retained by the DLG and could not verify any of the information cited therein. Although this Office was not provided with a letter of application in 16 cases, the Birkirkara, San Ġwann, St Paul's Bay (Batch 1 and Batch 2), Żebbuġ (G) and Żebbuġ (M) (Batch 1) submissions specified the list of roads to be resurfaced and the corresponding cost estimates. Of the 16 cases where no letter of application was made available, partial information was noted in two cases, that is, in submissions by the Nadur and Pembroke LCs. Aside from these 16 cases, the NAO noted another four instances (where the letter of application was provided) where information made available was deemed incomplete. These cases related to the submissions made by the Kerċem, Mosta (Batch 2), Xagħra and Xewkija (Batch 2) LCs.
- 2.2.3 No closing date for the submission of applications was stipulated in the Memo, as grants were to be allocated in order of receipt by the DLG until the fund was exhausted. As a result and as rendered evident in Table 2, LCs put forward proposals for funding over a considerable span of time. In fact, the first application put forward was that by the Pietà LC, dated 4 March 2010. On the other hand, the last application submitted was that by the Mosta LC, dated 7 September 2012. Nonetheless, it must be stated that comments made in this respect reflect the limited information provided to the NAO, with this Office constrained to resort to the date of the application by the LC rather than the date of receipt by the DLG. This Office's analysis would have been more precise had the date of receipt been established with respect to all applications.

Award of Grants

- 2.2.4 In attempting to establish whether the award of grants reflected the order of receipt of applications, the NAO compared the application submission and award dates (Table 3 refers). As stated in the preceding paragraph, in view of the limited information relating to the date of receipt of applications, the NAO based its analysis on the date of application. Hence, submissions for which no date of application was indicated were eliminated from this analysis. The Office noted that, in the majority of cases where information was available, there was no significant lapse between the date of application and the date of receipt. This further justified this Office's decision to utilise the date of application in its analysis. The only notable exception to this was the submission made by the Valletta LC, with the Council's application dated 6 April 2010 received by the DLG on 20 May 2010.
- 2.2.5 The NAO was not provided with any documentation indicating who was responsible for determining whether submissions were compliant with the requirements set out in Memo 45/2010 and who authorised the award of grants. According to the DLG, there was no Evaluation Committee set up, no formal evaluation process carried out and no report drawn up. The DLG indicated that requests for the resurfacing of roads under this scheme were accepted following direction by the PS LC. On the other hand, the PS LC maintained that the DLG was responsible for the receipt, workings, evaluation and contract drafting stages of the process. Once these were completed, the DLG would seek the authorisation of the PS LC to proceed with the award of grants.

The PS LC confirmed that applications were processed in batches, yet ultimately, all were approved. When queried about the setting up of an Evaluation Committee, the PS LC indicated that this was not necessary as applications were processed in order of receipt and the grants were based on the cost estimates submitted by the LCs.

Table 3: Comparison of date of application and date of award (Memo 45/2010)

LC	Date of submission of application by the LC	Date of receipt of application by the DLG	Date of award	Number of days between application and award
Pietà	4 March 2010	n/a	13 May 2010	70
Luqa	18 March 2010	n/a	27 July 2010	131
Fgura	23 March 2010	n/a	13 May 2010	51
Gżira	23 March 2010	n/a	27 July 2010	126
Kerċem	23 March 2010	n/a	13 May 2010	51
Lija	23 March 2010	n/a	4 May 2010	42
Marsa	24 March 2010	n/a	13 May 2010	50
St Julians	24 March 2010	25 March 2010	27 July 2010	125
Żurrieq	25 March 2010	26 March 2010	2 August 2010	130
Għaxaq	26 March 2010	n/a	9 July 2010	105
Tarxien	26 March 2010	29 March 2010	16 November 2010	235
Għargħur (Batch 1)	29 March 2010	5 April 2010	9 July 2010	102
Iklin	29 March 2010	n/a	9 July 2010	102
Żabbar	29 March 2010	29 March 2010	27 July 2010	120
Għarb	1 April 2010	n/a	30 July 2010	120
Birżebbuġa	3 April 2010	n/a	30 July 2010	118
Valletta	6 April 2010	20 May 2010	17 January 2011	286
Mġarr	7 April 2010	n/a	30 July 2010	114
Xagħra	7 April 2010	n/a	11 August 2010	126
Xewkija (Batch 1)	9 April 2010	9 April 2010	30 July 2010	112
Attard	12 April 2010	15 April 2010	16 November 2010	218
Rabat (M)	12 April 2010	n/a	16 November 2010	218
Mellieħa	15 April 2010	19 April 2010	16 November 2010	215
Sliema	19 April 2010	n/a	16 November 2010	211
Qrendi	22 April 2010	n/a	16 November 2010	208
Mosta (Batch 1)	23 April 2010	n/a	10 January 2011	262
Qala	23 April 2010	26 April 2010	16 November 2010	207
Rabat (G)	28 April 2010	28 April 2010	17 November 2010	203
Munxar	3 May 2010	5 May 2010	10 January 2011	252
Żejtun	7 May 2010	7 May 2010	18 January 2011	256
Paola	13 May 2010	19 May 2010	10 January 2011	242
Vittoriosa	19 May 2010	26 May 2010	1 March 2011	286
Sannat	6 July 2010	n/a	1 March 2011	238
San Ġwann	23 July 2010	28 July 2010	16 November 2010	116
Santa Luċija	28 October 2010	1 November 2010	1 March 2011	124
Sigġiewi	9 November 2010	n/a	1 March 2011	112
Xewkija (Batch 2)	30 March 2011	30 March 2011	30 March 2011	0
Għargħur (Batch 2)	15 November 2011	28 November 2011	5 December 2011	20
Mosta (Batch 2)	7 September 2012	n/a	24 October 2012	47

- 2.2.6 The NAO noted that allocations largely reflected the principle of award of grants according to the order of receipt as stipulated in Memo 45/2010. In this Office's understanding, an initial influx of applications submitted between March and May 2010 created a backlog that the Department processed in a staggered manner. As the backlog was gradually reduced, this resulted in a shorter processing time for applications submitted at a relatively late stage. This is particularly evident in the case of applications made from end July 2010 onwards.
- 2.2.7 Although the majority of grants were allocated according to the date of submission, a number of exceptions were noted. In this context, specific reference is made to the applications put forward by the Gżira, Luqa, Tarxien and Valletta LCs. The NAO was unable to ascertain whether the delay in award was justifiable or otherwise, as no information accounting for the lag in the allocation of funds was provided by the DLG. Another anomaly was the submission by the Xewkija LC, which was received, processed and approved on the same date, that is, 30 March 2011.
- 2.2.8 Of the 54 applications received, the DLG awarded grants to 53 and refused one submission. The application submitted by the Żejtun LC, which was one of the 53 applications favourably adjudicated by the Department, was subsequently split into two batches. This resulted in 54 grants made by the DLG, as represented in Table 4. The estimated cost of works for which funds were applied for amounted to €18,071,149; however, it must be stated that this amount does not include the applications submitted by the Msida, Pembroke and Santa Venera LCs, as no information was made available to the NAO in this respect.
- 2.2.9 The DLG informed the LCs that were to receive grants through a letter of award. Specified in this correspondence was that LCs were required to issue a call for tenders within a given timeframe, ranging from approximately two to six weeks, based on the template appended to Memo 45/2010. The DLG indicated that it was to transfer half of the amount due by the LC to the contractor on completion and certification of works. In effect, the DLG was to commit funds equivalent to half the 40 per cent payment that the council was to settle with the contractor, that is, 20 per cent of the total cost. In addition, the DLG committed half of the 20 per cent payment due by the LC to the contractor one year after the completion of works. In this respect, the DLG would be funding 30 per cent of the total project cost.
- 2.2.10 The NAO noted that the schedule of payments stipulated in the letters of award differed considerably to that stated in Memo 45/2010. The relevant excerpt from the Memo is reproduced hereunder, '*... id-Dipartiment jikkommetti ruħu li għall-ewwel sena, jirdoppja l-ammont li l-Kunsill għandu jfallokazzjoni finanzjarja tiegħu fuq manutenzjoni ta' toroq, filwaqt li għat-tieni sena, il-Kunsill jingħata 25% żieda fuq l-allokazzjoni tiegħu għall-manutenzjoni ta' toroq.*'² When queried on the matter, the DLG indicated that no documentation justifying the change in the modality of financing was traced. Furthermore, the DLG indicated that LCs were not specifically informed of changes in funding prior to the issuance of the respective letters of award. Notwithstanding this, the DLG expressed reservations regarding the financial sustainability of that indicated in the Memo. The PS LC provided a contrasting perspective, citing that the difference between the financial allocation as stipulated in the Memo and that actually implemented was minimal. Notwithstanding this, the PS LC emphasised the priority assigned to addressing the then poor state of roads,

² In the first year, the Department commits to double the financial allocation made by the council with respect to the maintenance of roads, while in the second year, the council will be granted a 25 per cent increase over its allocation for the maintenance of roads.

hence justifying the substantial allocation of funds. Furthermore, the PS LC indicated that the change in the funding mechanism evolved during meetings held with LCs following the publication of Memo 45/2010.

2.2.11 Also indicated in the letters of award were the roads that the LC was to resurface under the PPP arrangement. Furthermore, the council was to provide a schedule of works that was to be adhered to at project execution stage. In the case of letters of award issued between 27 July 2010 and 11 August 2010, the LCs were informed that works were to be completed within one year from the signing of the contract between the council and the contractor. Letters of award sent prior to and after this period did not specify this requirement. The NAO noted that this condition had in fact been specified in Memo 45/2010 and therefore, its inclusion in the letters of award, or otherwise, was deemed a moot point. The DLG was unable to explain the reason for the change in wording of the letters of award; however, the Department expressed reservations as to whether it was possible to implement this condition.

2.2.12 The 54 grants allocated by the DLG with respect to Memo 45/2010 amounted to €5,668,539 (Table 4 refers). Of this amount, €3,818,395 was to be paid to the LCs on completion and certification of works. The remaining €1,850,144 was to be transferred to the LCs one year after the completion of works. In aggregate, the overall allocation of €5,668,539 was equivalent to 31 per cent of the total estimated cost of works, which amounted to €18,071,149. Included in this calculation were the grants awarded to the Msida, Pembroke and Santa Venera LCs, for which the corresponding estimated cost of works was unavailable. Eliminating these three LCs would result in an allocation of funds equivalent to 30 per cent of the total estimated cost of works.

Table 4: Award of grants (Memo 45/2010)

LC	Date of award	Estimated cost of works (€)	Amount awarded – first year (20%) (€)	Amount awarded – second year (10%) (€)
Lija	4 May 2010	382,394	76,000	38,000
Birkirkara	13 May 2010	1,045,072	209,000	104,500
Dingli	13 May 2010	292,707	55,210	27,610
Fgura	13 May 2010	197,512	29,600	14,800
Kerċem	13 May 2010	120,000	24,000	12,000
Marsa	13 May 2010	180,145	36,000	18,000
Msida	13 May 2010	n/a	14,715	7,360
Nadur	13 May 2010	305,343	61,040	30,540
Pembroke	13 May 2010	n/a	48,090	24,050
Pietà	13 May 2010	947,535	173,640	86,840
Senglea	13 May 2010	167,910	30,385	15,200
Fontana	9 July 2010	92,309	18,462	9,231
Għargħur (Batch 1)	9 July 2010	261,631	52,326	26,163
Għaxaq	9 July 2010	471,246	90,649	45,345
Iklin	9 July 2010	66,735	13,347	6,674
Kalkara	9 July 2010	83,080	22,376	11,188
Gżira	27 July 2010	164,918	32,984	16,492
Luqa	27 July 2010	351,619	63,832	31,916
Santa Venera	27 July 2010	n/a	56,352	28,176

St Julians	27 July 2010	434,456	82,355	41,178
Żabbar	27 July 2010	521,668	78,702	39,351
Birżebbuġa	30 July 2010	666,020	118,459	59,230
Għarb	30 July 2010	188,963	37,793	18,896
Mġarr	30 July 2010	178,723	35,746	17,873
St Paul's Bay (Batch 1)	30 July 2010	726,120	151,224	75,612
Xewkija (Batch 1)	30 July 2010	189,206	37,841	18,921
Żurrieq	2 August 2010	549,805	109,961	54,981
Żebbuġ (M) (Batch 1) ¹	9 August 2010	559,728	113,436	56,718
Xagħra	11 August 2010	158,525	31,705	15,853
Attard	16 November 2010	249,027	49,805	24,903
Mellieħa	16 November 2010	722,678	144,536	72,268
Qala	16 November 2010	102,663	20,533	10,266
Qrendi	16 November 2010	328,051	65,610	32,805
Rabat (M)	16 November 2010	397,644	79,529	39,764
San Ġwann	16 November 2010	502,395	100,135	50,067
Sliema	16 November 2010	483,396	96,679	48,340
Tarxien	16 November 2010	383,602	76,720	38,360
Rabat (G)	17 November 2010	169,842	33,963	16,984
Mosta (Batch 1)	10 January 2011	283,216	59,176	29,588
Munxar	10 January 2011	146,024	29,205	14,603
Paola	10 January 2011	610,891	115,654	57,827
Valletta	17 January 2011	221,506	44,505	22,253
Żejtun (Batch 1)	18 January 2011	677,039	62,071	31,036
St Paul's Bay (Batch 2)	28 February 2011	604,540	120,908	60,454
Sannat	1 March 2011	40,016	8,004	4,002
Santa Luċġia	1 March 2011	190,804	38,161	19,080
Siġġiewi	1 March 2011	61,716	12,343	6,172
Vittoriosa	1 March 2011	170,375	34,075	17,038
Xewkija (Batch 2)	30 March 2011	164,999	41,250	41,250
Żebbuġ (M) (Batch 2)	10 August 2011	438,660	87,732	43,866
Żebbuġ (G)	10 November 2011	107,919	40,470	40,470
Żejtun (Batch 2)	29 November 2011	214,052	42,756	21,378
Għargħur (Batch 2) ²	5 December 2011	46,724	9,345	4,672
Mosta (Batch 2)	24 October 2012	1,450,000	500,000	150,000
Total		18,071,149	3,818,395	1,850,144

Notes:

1. The estimate corresponding to the Żebbuġ (M) LC application with respect to Batch 1 was based on the estimate prepared by the LC Architect with respect to 18 of the 19 roads constituting this batch. The Office sourced the estimate of the remaining road from working papers retained by the DLG, as the corresponding LC Architect estimate was not provided. This method may explain the discrepancy between the estimated cost of works and the corresponding allocation made.
2. The application submitted by the Għargħur LC for Batch 2 included pavement and utility-related works, resulting in a total cost of €74,384. However, these were excluded from the cost of works cited in the Table, as the scheme was to solely focus on road resurfacing works. This was reflected in the grant allocated.

2.2.13 At an LC level, the majority of allocations reflected the 30 per cent commitment cited in the letter of award and referred to in aggregate terms in the preceding paragraph. Notwithstanding this, the NAO noted a number of exceptions for which no specific documented justification was provided. Based on the review of records made available to this Office, the NAO identified four LCs for which the allocation exceeded the 30 per cent of the estimated cost of works. Specific reference is made

to the Żebbuġ (G) LC, which was allocated €80,940 of the €107,919 estimated cost, equivalent to 75 per cent. The allocation was made to cover the cost of concrete works that were to be undertaken with respect to a country road off Triq il-Qbajjar (also referred to as Daħlet il-Merżuq) and the upper part of Triq Ġhajn Mhelhel. Similarly anomalous were the grants made to the Xewkija (Batch 2), Mosta (Batch 2) and Kalkara LCs, with allocations equivalent to 50, 45 and 40 per cent of the estimated cost of works, respectively. Equally inconsistent were allocations below 30 per cent, with the Żejtun (Batch 1), Fgura and Żabbar LCs granted funds equivalent to 14, 22 and 23 per cent of the estimated costs, respectively.

2.2.14 The NAO was unable to determine whether the 30 per cent allocation by the DLG was maintained with regard to applications submitted by the Msida, Pembroke and Santa Venera LCs. In these instances, either the cost estimate of works for which grants were applied for were not provided, or this Office was unable to determine these costs from other working papers made available. In the case of the Msida LC, the only cost estimate provided with regard to the two roads that were to be resurfaced was lower than the amount of the DLG grant, rendering the estimated cost of works cited in the working papers highly dubious. No cost estimate with regard to the submissions by the Pembroke and Santa Venera LCs was found in any of the documentation provided by the DLG and the Councils did not provide this information despite several requests made by this Office.

2.2.15 This Office encountered similar limitations in respect of the application by the Senglea LC. In this case, no complete information regarding the estimated cost of works was made available to the NAO despite numerous requests raised with the DLG and the LC. The information presented is that cited in a working paper retained by the DLG; however, the NAO maintains serious reservations regarding the completeness of information made available to it as it did not include all roads identified in the DLG's letter of award.

2.2.16 The NAO noted that the only application that was refused funding by the DLG was that submitted by the Ġhasri LC on 23 February 2012. According to the documentation appended to the application submitted by the Ġhasri LC, the estimated cost of works amounted to €158,002. The Council had already issued a call for tenders and had received one bid amounting to €276,766, of which €219,921 would have been considered as eligible costs incurred under this scheme.³ The Council considered the rates quoted by the contractor too high and discussions were underway for their revision. The Ġhasri LC informed the DLG that should agreement not be reached, then it would resort to issuing a new call for tenders. Following this submission, on 14 June 2012, the DLG informed the Ġhasri LC that its application had not been favourably considered. The reason cited by the Department was that new applications could not be considered as the PPP fund had been exhausted. Although the NAO acknowledges that the application by the Ġhasri LC was put forward at a considerably late stage in the process, this Office noted that the DLG subsequently granted the Mosta LC an allocation of €650,000 on 24 October 2012 from the same fund.

Revision of Grants

2.2.17 As a rule, following the award of grants, LCs issued calls for tenders for road resurfacing works approved by the DLG. Bids received invariably differed to the

³ The difference corresponded to pavement works, which portion of the project was not eligible for funding under Memo 45/2010.

estimated cost of works on which the initial grant was made. The LCs informed the DLG of the resulting variance, with the Department subsequently revising grants to reflect its 30 per cent commitment to finance road-resurfacing costs. Since a number of LCs had multiple instances of revisions in grants, the NAO opted to analyse these grants in terms of the last revision effected, as it was this revision that represented the actual disbursement by the DLG (Table 5 refers).

2.2.18 Revisions to grants with respect to the 50 applications were effected between 4 October 2010 and 1 July 2015. The revised cost of works corresponding to these applications amounted to €17,835,528, with aggregate grants revised from €4,872,901 to €5,207,613, resulting in a variance of €334,712. Bearing in mind the original overall allocation of €5,668,539, the final aggregate grants made by the DLG with respect to the PPP scheme amounted to €6,003,251.

Table 5: Revision of grants (Memo 45/2010)

LC	Date of last revision to grant	Revised cost of works (€)	Original grant (Year 1 and 2) (€)	Revised grant (Year 1 and 2) (€)	Variance (Year 1 and 2) (€)
Birżebbuġa	4 October 2010	837,903	177,689	251,371	73,682
Lija	17 August 2010	293,701	114,000	88,110	(25,890)
Nadur	17 August 2010	403,553	91,580	121,066	29,486
Dingli	1 September 2010	284,500	82,820	85,350	2,530
Msida	2 September 2010	121,816	22,075	36,545	14,470
Pietà	2 September 2010	848,825	260,480	254,647	(5,833)
Żabbar	9 September 2010	112,193	118,053	33,658	(84,395)
Għargħur (Batch 1) ¹	27 September 2010	318,737	78,489	95,621	17,132
Marsa	27 September 2010	225,921	54,000	66,930	12,930
Kerċem	7 October 2010	203,324	36,000	60,997	24,997
Żebbuġ (M) (Batch 1)	16 November 2010	697,026	170,154	209,108	38,954
Fgura	30 November 2010	183,039	44,400	54,912	10,512
Luqa	3 December 2010	267,164	95,748	80,149	(15,599)
St Julians	3 December 2010	394,904	123,533	118,471	(5,062)
Għaxaq	9 December 2010	604,176	135,974	181,253	45,279
Xagħra	15 December 2010	510,659	47,558	153,198	105,640
Kalkara	23 December 2010	110,122	33,564	0	(33,564)
St Paul's Bay (Batch 1)	17 January 2011	683,615	226,836	205,085	(21,751)
Qrendi	19 January 2011	347,179	98,415	104,154	5,739
Xewkija (Batch 1)	27 January 2011	300,260	56,762	150,130	93,368
Qala	28 February 2011	102,663	30,799	0	(30,799)
Gżira	14 March 2011	125,490	49,476	37,647	(11,829)
Mellieħa	30 March 2011	718,580	216,804	215,574	(1,230)
Rabat (G)	1 April 2011	374,126	50,947	91,870	40,923
Mġarr	18 April 2011	203,933	53,620	61,180	7,560
Mosta (Batch 1)	27 April 2011	430,503	88,764	129,151	40,387
Attard	17 May 2011	219,334	74,708	0	(74,708)
Siġġiewi	17 May 2011	156,369	18,515	46,911	28,396
Tarxien	17 May 2011	446,999	115,080	134,100	19,020
Għarb	25 May 2011	444,662	56,689	222,331	165,642
Valetta	31 May 2011	301,280	66,758	123,965	57,207

St Paul's Bay (Batch 2)	27 July 2011	802,008	181,362	240,602	59,240
Santa Luċija	10 August 2011	276,843	57,241	83,053	25,812
Żurrieq	21 November 2011	689,633	164,942	206,890	41,948
Rabat (M)	11 January 2012	397,644	119,293	0	(119,293)
Żejtun (Batch 2)	26 January 2012	276,932	64,134	83,080	18,946
San Ġwann	29 February 2012	502,395	150,202	0	(150,202)
Paola	2 March 2012	260,675	173,481	78,203	(95,278)
Fontana	25 May 2012	92,309	27,693	0	(27,693)
Sliema	18 July 2012	483,396	145,019	0	(145,019)
Senglea	2 August 2012	254,142	45,585	76,242	30,657
Birkirkara	16 August 2012	967,109	313,500	483,555	170,055
Żejtun (Batch 1) ²	14 November 2012 ³	317,915	93,107	93,107	0
Iklin ⁴	16 January 2013	94,152	20,021	29,056	9,035
Żebbuġ (G)	19 February 2013	45,704	80,940	34,278	(46,662)
Pembroke	13 June 2013	73,670	72,140	0	(72,140)
Għargħur (Batch 2) ⁵	5 June 2014	46,724	14,017	14,017	0
Munxar	18 November 2014	260,072	43,808	195,054	151,246
Santa Venera	22 January 2015	282,989	84,528	176,992	92,464
Żebbuġ (M) (Batch 2)	1 July 2015	438,660	131,598	0	(131,598)
Total		17,835,528	4,872,901	5,207,613	334,712

Notes:

1. According to the working papers reviewed by the NAO, the Għargħur LC (Batch 1) cost of works were revised after 27 September 2010 from €318,737 to €372,176, resulting in a revision of grant allocated from €95,621 to €111,653. However, the NAO has no records to substantiate that stated in working papers.
2. Although funding awarded to the Żejtun LC with respect to Batch 1 remained unchanged, the NAO noted a significant discrepancy between the estimated cost of works (€677,039) and the final certification (€317,915) issued with respect to the same roads. Since detailed information explaining this discrepancy was not made available, the Office was unable to reconcile the facts of the case.
3. The date presented as the point of last revision to the grant allocated to the Żejtun LC (Batch 1) was in fact that of the final certificate of works.
4. The revised grant allocated to the Iklin LC was made following variations resulting from extra layers of tarmac laid on Triq il-Ħwawar.
5. Although funding awarded to the Għargħur LC with respect to Batch 2 remained unchanged, the scope of works that were to be undertaken was reduced, with the Council obtaining DLG approval to resurface one road instead of the two originally indicated in the application approved on 5 December 2011.

2.2.19 In nine of the cases presented in Table 5, the relevant LCs withdrew from participation in the PPP scheme, with grants refunded to the DLG amounting to €785,016 and accordingly presented as nil balances in this Table. In this context, the Fontana, Pembroke and San Ġwann LCs cited limited Council funds or insufficient grants to cover planned works. With respect to the Qala LC, according to Council minutes, contracted rates that the LC had for works not covered by the PPP were more advantageous than offers submitted under this scheme, therefore leading to its decision to withdraw from the scheme. In the case of the Sliema LC, the Council expressed its preference to focus on patching works for multiple roads rather than the resurfacing of a few roads in correspondence sent to the DLG on 17 July 2012. The Kalkara LC grant was withdrawn by the DLG since the roads proposed under this scheme were to be resurfaced by central government as part of the Smart City project. Of interest was the application of the Żebbuġ (M) LC (Batch 2), for which no specific reason motivating withdrawal from the scheme was indicated. However, correspondence exchanged between the LC and the DLG indicated that the relevant grant was to be reallocated to cover costs associated with the reconstruction of Vjal il-Ħelsien. Similar circumstances prevailed with respect to the Rabat (M) LC application, with the Council indicating its withdrawal from the scheme on 12 August 2011, citing the fact that no offers had been submitted in response to the call

for tenders issued. Nevertheless, the NAO noted that following agreement reached between the Rabat (M) LC and the PS LC, the allocation granted to the Council for the PPP scheme was to be redirected to fund other road works, not related to Memo 45/2010, that were being carried out in the locality. No reason was given with respect to the withdrawal of the Attard LC from the scheme.

- 2.2.20 Revisions effected with respect to 33 of the remaining 41 applications retained the 30 per cent DLG funding allocation established in the original grant. Notwithstanding the adherence to the 30 per cent commitment, the NAO noted instances of notable variation between the original and the revised grants. For example, the Xagħra LC was granted an additional €105,640, while the Birżebbuġa and St Paul's Bay (Batch 2) LCs registered an increase in funding of €73,682 and €59,240, respectively. The revised grant awarded to the Xagħra LC reflected a significant difference in rates between the estimate of €158,525 prepared by the Council and those tendered, which amounted to €510,659. Notwithstanding the disparity in rates, the scope of works remained unchanged. With regard to the Birżebbuġa LC application, the NAO noted a substantial increase in the grant awarded despite a reduction in the scope of works. Although these costs increased from €666,020 to €837,903, this revision may be partly attributed to variations resulting from unforeseen extra works on Dawret il-Qalb Mqaddsa and Triq il-Bajja s-Sabiha, which amounted to €183,508. Variations noted with respect to the grant made to the St Paul's Bay LC (Batch 2) were due to revisions in rates instigated by the contractor. According to correspondence exchanged between the contractor and the St Paul's Bay LC, the prices quoted for the Batch 1 roadworks could not be sustained for those of Batch 2 due to an increase in the cost of bitumen. Also cited were the anticipated revisions to interest rates that were to be factored in given the long-term commitment of the contractor in maintaining the roads covered by the PPP scheme.
- 2.2.21 Other cases were noted where, although the grant was reduced, the financial allocation still reflected the 30 per cent commitment by the DLG. Particular reference is made to the applications submitted by the Paola and Żabbar LCs, where variations between the grants originally allocated and as subsequently revised amounted to €95,278 and €84,395, respectively. The estimated cost of works cited by the Paola LC were revised from €610,891 to €260,675, reflecting the reduced scope of works from the originally planned resurfacing of 25 roads to seven roads. The Council cited budgetary constraints as the main reason for this revision. On the other hand, the Żabbar LC indicated that the grant did not reflect the provisions of Memo 45/2010, hence the reduced scope of works. In fact, the original estimate drawn up by the Żabbar LC was revised from €521,668 to €112,193.
- 2.2.22 The application submitted by the Żejtun LC with respect to Batch 1 merits an element of discussion. The NAO noted no change in the amount granted and established that the allocation of €93,107 was in fact equivalent to 30 per cent of the certified works, set at €317,915. However, this allocation was deemed anomalous when compared to the estimated cost of works, which referred to the resurfacing of the same roads as cited in the final certificate, yet amounted to €677,039. The NAO is of the understanding that this anomaly is attributable to changes in the scope of works for which relevant detailed and complete documentation was not provided. Somewhat similar was the case of the Għargħur LC with respect to the Batch 2 works. Here, the stated cost of works and funding awarded to the Council remained unchanged despite a reduction in the scope of works that were to be undertaken. In maintaining the 30 per cent commitment, the Għargħur LC obtained the DLG approval to resurface

one road instead of the two originally indicated in the application approved on 5 December 2011.

- 2.2.23 Of the eight cases where the 30 per cent DLG commitment was not adhered to, the NAO noted six instances where increases in grants corresponded to between 41 per cent and 75 per cent of the cost of works. The most significant departure in terms of the percentage committed by the DLG was that of the Munxar LC. Despite a reduction in the number of roads to be resurfaced, the NAO noted that the grant made to this Council was increased by €151,246 to €195,054. This increase was not only attributable to revisions in the cost of works, from €146,024 to €260,072, but also to an increased DLG funding commitment from 30 per cent to 75 per cent. The NAO traced correspondence indicating that the Munxar LC was unable to finance works from its annual allocation for road maintenance, hence the DLG revised its funding to cover 75 per cent of the costs.
- 2.2.24 Similarly incongruent with the 30 per cent DLG funding quota was the allocation made to the Santa Venera LC. The original grant made to this Council on 27 July 2010, as well as the subsequent revisions dated 27 October 2010 and 26 January 2011, reflected the 30 per cent commitment to be covered by the DLG. However, on 22 January 2015, following requests raised by the Santa Venera LC, an additional grant of €75,000 was allocated despite no corresponding increase in the cost of works. In this context, the proportion of funds that were to be covered by the DLG increased to 63 per cent.
- 2.2.25 In the case of the Birkirkara LC, the DLG committed 50 per cent of the cost of works through an allocation of €483,555. This allocation followed revisions made to the original grant of €313,500, resulting in a difference of €170,055. Correspondence exchanged between the Private Secretary to the Prime Minister and the Birkirkara LC on 11 August 2012 indicated that, following submissions made by the Council and after consultation with the DLG, authorisation was granted for the increase in funding by €153,000. This amount was to supplement an additional payment of €39,553 that the DLG had already made to the Birkirkara LC. Despite the Council's representations of increased costs, the NAO noted that the scope of works was reduced from the eight roads that were originally intended for resurfacing to five.
- 2.2.26 The Għarb LC was also granted funds equivalent to 50 per cent of the cost of works, that is, €222,331 of the €444,662. This revision in funding reflected a significant increase when compared to the original allocation of €56,689, which was equivalent to 30 per cent of the estimated cost of €188,963. Furthermore, the NAO noted that the application put forward by the Għarb LC was subject to considerable change in terms of the scope of works, with the original two roads that were to be resurfaced augmented by another six roads. This revision in scope, together with the increase in DLG commitment from 30 to 50 per cent of costs, accounted for the notable variance in funds allocated. Of interest was the manner by which the final cost of works was established, with the contractor proposing a discount of 40 per cent on the total value of the eight-year payment due, that is a reduction of €296,441 from the €741,103. This reduction was contingent on the Għarb LC effecting a 50 per cent advance payment of the discounted price. The DLG endorsed this proposal on 25 May 2011.
- 2.2.27 Similarities may be drawn between the case of the Għarb LC and that of the Xewkija LC, specifically with regard to works carried out under Batch 1. Again, the proportion of costs that was to be covered by the DLG amounted to 50 per cent and represented

a surplus of €93,368 on the amount originally granted. While the original allocation of €56,762 was equivalent to 30 per cent of the €189,206 estimated cost of works, the €150,130 represented 50 per cent of the revised cost, that is, €300,260. In effect, the revised cost of works was established following correspondence exchanged between the Xewkija LC and the Policy Coordinator within the Parliamentary Secretariat for LCs in January 2011. On 27 January 2011, the Xewkija LC indicated that the cheapest offer received with respect to the PPP scheme was considerably more than the rates paid by the Council in a period contract in effect at the time. The cheapest offer under the PPP scheme (€579,181) and the period contract (€300,260) had been submitted by the same contractor and it was in this context that the Council requested the DLG's authorisation to carry out the works under the period contract but still benefit from funds under Memo 45/2010. The Parliamentary Secretariat for LCs endorsed the request dated 27 January 2011, stating that in addition to the payment of €49,174 already made to the Xewkija LC, payments of €25,891 and €75,065 would be effected after December 2011 and on completion of works, respectively.

- 2.2.28 Based on the documentation provided by the DLG and LCs, the NAO established that the 30 per cent commitment was not adhered to with respect to the grant allocated to the Valletta LC. In this case, the grant was revised following differences between the estimated and tendered cost of works. Although the original grant of €66,758 reflected the 30 per cent DLG commitment, the revised allocation of €123,965 was inconsistent with this parameter, accounting for 41 per cent of the cost of works.
- 2.2.29 Aside from the above-cited cases of increases in grants that did not reflect the 30 per cent DLG commitment, the NAO noted a case of a downward revision that similarly did not adhere to this funding ratio. Specific reference is hereby made to the Żebbuġ (G) LC case, where the grant was reduced by €46,662 following a revision in the scope of works. Although the cost of works was revised from €107,919 to €45,704, the corresponding revision in grant from €80,940 to €34,278 retained the 75 per cent DLG funding commitment originally cited in paragraph 2.2.13.
- 2.2.30 Finally, the NAO noted one case where the allocation granted was less than the 30 per cent generally committed by the DLG. The initial grant of €50,947, allocated to the Rabat (G) LC, was equivalent to 30 per cent of the €169,842 estimated cost of works. The grant was subsequently revised to €91,870 on 1 April 2011, which rendered the funding commitment equivalent to 25 per cent of the contracted cost of works. The NAO established the cost of these works through the review of the letter of award dated 19 April 2011, wherein the Rabat (G) LC indicated that the total cost of works would amount to €374,126. Notwithstanding that stated, this Office maintains notable reservations regarding the completeness of the information made available, which limitation hindered the comprehensive analysis of the scheme.
- 2.2.31 When considering the revisions captured in Table 5 and the refusal of the Għasri LC application cited in paragraph 2.2.16, a number of points emerge. This application was submitted on 23 February 2012 and the Council indicated that the most favourable bid obtained amounted to €219,921. The application submitted by the Għasri LC was refused on 14 June 2012, with the DLG stating that it was '*... not in a position to accept new applications for PPP Scheme since these will increase the financial commitment which for the time being is exhausted.*' The NAO noted that in the interim, the DLG received refunds amounting to €273,174, corresponding to three LCs. Furthermore, following the refusal of the Għasri LC request, the DLG made revisions to grants amounting to €429,409. While the NAO acknowledges that revisions made with regard to the Iklin, Mġarr and Senglea LCs respected prior DLG commitment levels set at 30 per cent, the additional grants made to the Birkirkara and Munxar LCs did

not. In these cases, the DLG commitment to the Birkirkara LC was revised upwards from 30 to 50 per cent, while that of the Munxar LC was increased from 30 to 75 per cent. The revisions effected with respect to these two LCs amounted to €366,467. In light of the foregoing, the NAO finds difficulty in understanding the basis for the rejection of funds with respect to the request made by the Għasri LC.

2.3 Other Departures from Criteria Established in Memo 45/2010

- 2.3.1** Aside from the case of the Għarb LC cited in paragraph 2.2.26, the NAO noted other instances where LCs requested DLG authorisation to pay contractors over a shorter period than the eight years stipulated in Memo 45/2010. In this respect, the Għargħur (Batch 2) and Żejtun (Batch 2) LCs requested that payment be effected over three years, while the Mosta (Batch 2) and Santa Venera LCs requested a four-year payment term. The reason cited in these cases was that contractors were reluctant to bid for works for which payment was to be effected over eight years. The DLG endorsed all requests received; however, correspondence exchanged in this regard was unclear as to whether this change solely related to the payment term or whether it extended to the contractors' obligation to maintain roads over an eight-year period. In response to queries raised by the NAO, the DLG indicated that the Department's endorsements were exclusively intended for the payment term between LCs and contractors. Furthermore, according to the DLG, there never was any reference or intention to extend this change to the contractors' obligation to maintain roads over an eight-year period.
- 2.3.2** A number of LCs submitted requests to the DLG for the funding of utility-related works that were to be undertaken by the Water Services Corporation (WSC) prior to the resurfacing of roads. The NAO reviewed correspondence wherein LCs expressed their concerns about the additional expense that was to be incurred in this respect. In this context, the LCs indicated that this expense had not been planned and budgeted for. This Office noted that no reference to WSC-related works was made in Memo 45/2010, hence justifying concerns raised by the councils.
- 2.3.3** The NAO raised a number of queries with the DLG with respect to the additional allocations made to cover WSC-related costs, since it was noted that additional funds were solely allocated to councils that raised claims to this effect, that is, 18 of the 54 applications granted funding. In this context, this Office requested clarifications as to whether all successful applicants were to undertake WSC-related works in relation to roads that were to be resurfaced and what factors determined the outcome. The DLG was also requested to indicate whether all LCs were informed of the possibility of obtaining part-funding for WSC-related expenses incurred for roads resurfaced through the PPP scheme, as no documentation informing interested LCs of this change in the financing method was provided to this Office.
- 2.3.4** The DLG was unable to provide a comprehensive account of how funding for WSC-related costs was introduced or to supply any documentation in this respect. Nevertheless, the DLG indicated that WSC-related costs were not necessarily incurred in the case of all roads resurfaced under this scheme and would only have been undertaken when the replacement of water services was required by the Corporation. Furthermore, the DLG raised doubts as to whether LCs would have been in a position to fund these additional expenses from their ordinary budget.
- 2.3.5** The NAO noted that the DLG disbursed funds to cover 30 per cent of WSC-related expenses over and above the DLG allocation on the estimated cost of the project.

This was the case in all but the Xewkija (Batch 1 and Batch 2) LC allocations, where the Council was reimbursed 50 per cent of WSC-related costs. The 17 LCs that benefitted from partial reimbursement of WSC-related costs are indicated in Table 6. The total cost of works amounted to €646,803, of which the DLG committed €182,862. It must be noted that the cost of WSC works in the case of the Birzebbuga, Ghaxaq and Santa Venera LCs, and the DLG grant corresponding to the Gzira, Luqa and Mosta (Batch 2) LCs was not provided to the NAO. In addition, in a number of cases, this Office was not provided with source documentation relating to expenses claimed or certified in relation to these works and was therefore constrained to rely on working papers made available by the DLG.

Table 6: DLG grants for WSC-related works (Memo 45/2010)

LC	Cost of WSC works (€)	DLG grant (€)
Birkirkara	73,580	22,074
Birzebbuga	n/a	1,782
Ghaxaq	n/a	21,300
Gharghur (Batch 2)	9,153	2,746
Gzira	123,172	n/a
Iklin	2,700	810
Luqa	14,407	n/a
Mgarr	12,416	3,725
Mosta (Batch 2) ¹	101,795	n/a
Msida	14,723	4,417
Santa Venera	n/a	20,866
Senglea ²	80,906	24,272
Siggiewi	16,850	5,055
St Julians	36,174	19,454
Xewkija (Batch 1)	33,859	16,930
Xewkija (Batch 2)	6,552	3,276
Żebbuġ (M) (Batch 1)	99,047	29,714
Żejtun (Batch 1)	21,469	6,441
Total	646,803	182,862

Notes:

1. The estimate is incomplete because information relating to Triq Papa Piju XII and Triq Rimona was not obtained by the NAO.
2. Further to the indicated grant, the Senglea LC was awarded an additional €1,800 to cover WSC-related costs with respect to Triq il-Kappillan Frangisku Azzopardi. Although it was unclear to the NAO whether the resurfacing of this road was undertaken under the PPP scheme, funds to cover these works were partly funded by the DLG, as explained in detail in paragraph 2.4.7.

2.3.6 Although grants made to the LCs to cover part of the WSC-related costs reflected the percentage allocation set by the DLG in its allocation to the LC for the resurfacing of roads, this was not so in the case of the Birkirkara LC. Whereas the Council was awarded 50 per cent of road resurfacing costs, the allocation by the DLG with respect to WSC-related works corresponded to 30 per cent. Another anomalous case was that of the St Julians LC, wherein the DLG covered 54 per cent of the WSC costs. The NAO is of the understanding that the grant was erroneously computed by the DLG following submissions made by the St Julians LC on 21 June 2011. According to this Office, 30 per cent of the WSC-related costs would have amounted to €10,852, while the payment effected was that of €19,454.

2.4 Payments from PPP Funds Not Related to Memo 45/2010

2.4.1 Funds allocated with respect to road resurfacing works that were to be undertaken through Memo 45/2010 were to be charged to line Item 7267 – Local Councils Special

Funds – Roads. All PPP-related payments reviewed by the NAO were made through this account; however, this Office noted various transactions where disbursements did not correspond to this scheme. Compounding matters was the fact that these payments also related to road resurfacing works, which rendered the delineation of transactions forming part of the scheme, or otherwise, unclear. Moreover, records retained by the DLG did not clearly distinguish PPP-related works from other road works. Hereunder are a number of cases deemed relevant in this respect by the NAO.

- 2.4.2 The NAO's attention was drawn to an allocation of €400,000 made to the Żebbuġ (M) LC with respect to the reconstruction of Vjal il-Ħelsien on 11 October 2010. This Office was unable to establish whether these funds were to be considered as an allocation under Memo 45/2010, or otherwise. The NAO noted that payments equivalent to the entire allocation were effected through the same account utilised in all PPP-related expenditure and DLG reporting on the matter presented this expenditure in a similar manner to other PPP-related disbursements. Although the DLG indicated that the reconstruction of Vjal il-Ħelsien was not part of this scheme, the allocation corresponding to Batch 2 (€131,598) was transferred to this project as additional funds. No reason for the Council's withdrawal of its application to resurface roads under Batch 2 was noted on file, with the only motivation cited being that of redirecting funds previously allocated under this Batch to cover costs incurred in the reconstruction of Vjal il-Ħelsien.
- 2.4.3 Funds were similarly reallocated in the case of the Rabat (M) LC. Initially, the Council was awarded €119,293 for the resurfacing of a number of roads under the PPP scheme, which grant was later revised to €46,746 following a reduction in the scope of works. However, on 19 January 2011, the Rabat (M) LC expressed its intention to withdraw from the scheme, citing financial constraints. Notwithstanding its withdrawal, on 18 June 2011, the Policy Coordinator within the Parliamentary Secretariat for LCs informed the Rabat (M) LC that following correspondence submitted and agreement reached with PS LC, the Council was to be granted €40,000 for works to be undertaken with respect to Ħofret ir-Rizz. As part of the agreement reached, the Rabat (M) LC was to carry out resurfacing works at Triq in-Nixxieġha tat-Tarġa and Triq tat-Tarġa. Correspondence exchanged by the DLG and the Rabat (M) LC referred to the €40,000 payment as PPP-related. This was deemed ambiguous by the NAO, particularly in view of the fact that the works were not undertaken in terms of Memo 45/2010 and the contractor was therefore under no obligation to carry out maintenance works in this respect.
- 2.4.4 In the case of the Munxar LC, aside from the €195,054 grant received for the resurfacing of roads under the PPP scheme – already flagged by the NAO in paragraph 2.2.23 in light of its 75 per cent DLG commitment – the Council received additional funds amounting to €20,000 for works to be undertaken in relation to the Pjazza tal-Knisja project. Authorisation for this grant was given by the Private Secretary to the Prime Minister on 13 August 2012. Also cited in this correspondence was the fact that the Munxar LC had secured €70,000 from the Ministry for Gozo and the required materials from the Ministry for Resources and Rural Affairs in order to complete this project. According to working papers provided by the DLG, the €20,000 was paid on 14 April 2014 through Item 7267.
- 2.4.5 With regard to the Żurrieq LC, the NAO was not provided with any documentation relating to the application submitted by the Council regarding the resurfacing of Triq Dun Nard Mallia in Bubaqra. The only reference to the cost estimate corresponding to this road was found in working papers retained by the DLG that cited different costs, specifically €73,539 and €98,234. Notwithstanding this, the NAO noted that

a grant of €70,000 was awarded on 21 November 2011. Works on this road were completed towards the end of 2012 and the DLG effected payment from Item 7267 on 20 February 2013. Aside from the matter relating to Triq Dun Nard Mallia, the NAO noted that additional funds were allocated to the Żurrieq LC for the resurfacing of Triq Dun Vinċenz Schembri. Initially, this road was included in the application submitted by the Council with regard to Memo 45/2010; however, this was excluded in a subsequent revision to the grant that was to be allocated. According to the DLG working papers reviewed by the NAO, this road was to be financed by central government. Nonetheless, this Office noted that €43,920 was paid to the Council by the DLG through Item 7267 for works undertaken in this regard.

- 2.4.6 A similar case was noted with respect to the Mgarr LC, where working papers reviewed by this Office indicated that central government was to finance works that were to be undertaken at Triq il-Kbira. According to these working papers, on 25 August 2010, the Policy Coordinator within the Parliamentary Secretariat for LCs indicated that the Mgarr LC was to receive €25,000 for the resurfacing of this road. Cited in this document was earlier correspondence submitted by the PS LC, informing the Council of this grant and that this road was to be considered as part of the PPP project within the locality. The estimated cost of works on this road amounted to €39,161, while a payment of €25,000 was effected on 21 February 2011 through Item 7267. Following queries raised by the NAO, the PS LC stated that he could not recall this particular case; however, he cited the number of complaints received regarding the state of this road and the fact that the LC did not have sufficient funds to cover this expense as justification.
- 2.4.7 The Senglea LC made requests for additional funds to cover other road works relating to Triq il-Kappillan Franġisku Azzopardi and Triq il-Miġja tal-Papa. The NAO noted that the former road formed part of the works that were to be undertaken through the original grant; however, subsequent revisions to the grant and the agreement entered into between the LC and the contractor indicated that this road had been excluded from planned works. Notwithstanding this exclusion and aside from the allocation of €76,242 under Memo 45/2010, the Council was awarded an additional grant of €12,000 for the resurfacing of Triq il-Kappillan Franġisku Azzopardi. In addition, on 6 February 2012, the DLG indicated to the Council that it would be allocating €1,800 to cover WSC-related costs corresponding to this road. The NAO was not provided with any documentation substantiating the basis for this additional grant. With regard to Triq il-Miġja tal-Papa, on 2 August 2012, the Senglea LC was awarded an additional amount of €4,500 for resurfacing works. The Council had put forward the request for additional funding in this respect on 30 July 2012, citing related works that were being undertaken by the Housing Authority in the area.
- 2.4.8 On 23 October 2012, the Mellieħa LC was paid the amount of €31,849 for embellishment works carried out in Misraħ iż-Żjara tal-Papa Ġwanni Pawlu II. Although this project was not carried out in terms of Memo 45/2010, funds were nonetheless allocated from Item 7267. No correspondence indicating the reasons for this additional allocation was obtained by the NAO. Queries addressed to the DLG regarding this matter remained unaddressed.
- 2.4.9 Aside from grants made to the Mosta LC with respect to Batch 1 and Batch 2, amounting to €129,151 and €650,000, respectively, the Council was allocated an additional amount of €74,195 on 1 August 2012. According to documentation provided by the DLG, this allocation resulted from an investigation relating to Triq id-Dawr and Triq l-Istringell. Based on correspondence exchanged between the Permanent Secretary, Ministry for Home Affairs and the Mosta LC following the investigation undertaken by the appointed board of inquiry, the DLG was to cover

the expense of works undertaken subject to the required certification. The relevant payment of €74,195 was effected on 2 November 2012, with funds sourced from Item 7267.

- 2.4.10** Other payments effected from Item 7267 related to the resurfacing of residential roads corresponding to the three localities referred to in paragraph 2.1.1, that is, Kirkop, Madliena and Mqabba. According to the DLG, these expenses were to be charged to OPM funds; however, following the exhaustion of this fund, the remaining expense was disbursed from the PPP fund. In sum, payments made to the three localities from Item 7267 amounted to €502,114, with a pending balance of €50,000 due to the Kirkop LC.
- 2.4.11** Finally, the NAO noted other payments relating to road resurfacing works undertaken outside the scope of Memo 45/2010, yet disbursed from Item 7267. A commitment of €87,000 was made to the Naxxar LC with respect to the resurfacing of Triq V. Boron. The NAO was not provided with information relating to these works; the only details made available, cited in the DLG working papers, referred to a commitment that remained outstanding as at end April 2016. Other payments effected under Item 7267 related to the resurfacing of Triq I-Anzjani and Triq il-Kavallier Vincenzo Bugeja by the Mtarfa LC. These works were undertaken by Transport Malta, which was subsequently reimbursed for 50 per cent of the cost of works by the Council in the case of Triq I-Anzjani and all costs with regard to Triq il-Kavallier Vincenzo Bugeja. The total grant allocated to the Mtarfa LC by the DLG on 7 March 2013 amounted to €60,600. In the case of the Mdina LC, the Council requested the reallocation of funds initially intended for Triq il-Vapuri to patching works that were to be undertaken at Triq I-Imdina and Triq I-Infetti. The DLG obtained the authorisation of the Private Secretary to the Prime Minister on 27 February 2013 and accordingly informed the Mdina LC of the €705 allocation on 1 March 2013.
- 2.4.12** The NAO raised queries with the DLG regarding these additional payments effected under Item 7267. The DLG was neither able to provide explanations regarding the circumstances leading to the authorisation of these payments, nor to provide any other documentation aside from that cited in the preceding paragraphs.
- 2.4.13** Since the scheme's inception in 2010, to end April 2016, a total disbursement of approximately €6,400,000 was made from Item 7267 (Table 7 refers). It must be noted that these disbursements correspond to payments made in terms of the PPP scheme, yet include expenses incurred with respect to WSC-related works and other road resurfacing projects not carried out under Memo 45/2010. According to working papers provided by the DLG, the outstanding balance due to LCs with respect to Memo 45/2010 amounted to approximately €1,300,000 as at end April 2016.

Table 7: Expenditure Item 7267 - Local Councils Special Funds - Roads

Year	Expenditure (€)
2010	999,999
2011	1,061,476
2012	1,400,000
2013	1,100,000
2014	608,844
2015	893,376
2016 (as at end April 2016)	331,787
Total	6,395,482

Chapter 3

Schemes launched in 2008 and 2009

Chapter 3 – Schemes launched in 2008 and 2009

3.1 Memo 37/2008: Skema dwar Attivitajiet Kulturali

- 3.1.1 Memo 37/2008, intended at assisting LCs in undertaking cultural initiatives within their locality, was issued on 3 December 2008. The main aim of this scheme was to encourage the organisation of activities during shoulder months. According to the Memo, this scheme formed part of wider measures implemented by Government for the development of sustainable localities. It was in this context that LCs that organised activities of certain significance were to be financially assisted. In the guidance notes appended to the Memo, it was stipulated that interested LCs were to submit their proposals by 31 December 2008. An application form was also appended to the Memo.
- 3.1.2 According to the guidance notes, a fund of €93,000 was allocated for this scheme. The main objective of the scheme was to enhance visibility and create awareness of Malta's cultural diversity. Financial assistance in this regard would help decongest the peak months of tourism while promoting the social, cultural and environmental sustainability of localities. Proposed initiatives were to represent innovative ideas while identifying, appreciating, safeguarding and promoting local cultural assets as new touristic locations. Activities were also required to be socially inclusive, follow quality standards and, where possible, involve various stakeholders. Furthermore, LCs forming consortia were to be positively considered in the evaluation process. Also bearing impact on the outcome of the evaluation was the element of co-financing, with LCs to indicate the percentage of co-financing and partners involved. The eligible period for the undertaking of initiatives under this scheme was between December 2008 and December 2009, excluding the period June to September 2009.
- 3.1.3 The guidance notes listed provisions that applicants were to comply with when applying for funding under this scheme. These entailed that:
- a. the application appended to the Memo be signed, dated and duly completed;
 - b. a detailed description of the activity be provided, as well as a programme of activities;
 - c. the date of the proposed initiative be specified; and
 - d. a detailed outline of the budget allocated be provided, supported with copies of quotations.

Failure to submit any of the requested documentation could have rendered the application ineligible for funding.

- 3.1.4 With reference to the financial allocation, selected applicants were to be awarded not more than 50 per cent of the total projected expenditure, capped at €7,000 for each initiative. The scheme was to support eligible initiatives undertaken by localities, which due to their size or location, had less possibilities to gain the necessary financial support from other partners. Co-funding was to be given to successful applicants on completion of the planned activities and on submission of copies of the relative fiscal receipts.
- 3.1.5 The evaluation and selection procedure that was to be applied by the Evaluation Committee was outlined in the guidance notes. Applications were to be assessed on:
- a. grounds of administrative compliance;
 - b. the eligibility of the applicant and proposed initiative in terms of the criteria set for this scheme;
 - c. the applicant's ability to achieve the criteria set out; and
 - d. the evaluation of the quality of the proposed project.
- 3.1.6 A number of broad issues that were to be considered by the Evaluation Committee in the adjudication of submitted applications were specified. These included various aspects relating to the project, such as, innovation, integration, sustainability, the contribution to the urban and rural characteristics of the locality, as well as its social impact.
- 3.1.7 Finally, the guidance notes specified that late submissions would not be considered for funding. However, on 24 December 2008, Memo 37A/2008 was issued following a number of requests made by LCs for an extended deadline. The Memo established 9 January 2009 as the deadline for submissions.
- 3.1.8 A template application form was appended to Memo 37/2008 and forwarded to prospective applicants. The first section requested details of the proposed project, such as the LCs involved and a separate budget on how the funds were to be allocated between the LCs. The next section focused on administrative information, including contact details of the project coordinator, the amount of total eligible costs and the planned date of commencement. In the third section, general information relating to the project was requested, such as its objectives and a description of the activities involved. Applicants were to identify the milestones and expected results, a detailed schedule of the duration of activities planned and the location where the activity was to take place. The next section of the application form entailed details of the anticipated benefits that were to be derived from the implementation of the proposed project. LCs were to indicate whether any third parties were to be involved. In the affirmative, applicants were to provide details regarding the type of involvement. The final section in the application form requested applicants to disclose whether the project would be co-financed. In the affirmative, applicants were to identify the parties involved and the percentage of co-financing applicable.
- 3.1.9 By the revised closing date for the submission of applications, that is, 9 January 2009, 29 LCs had submitted 36 project proposals. One must note that the NAO was not provided with copies of the applications and supporting documentation submitted by the LCs. Hence, this Office was constrained to rely on data presented in documentation retained by the DLG.

- 3.1.10 According to records retained by the DLG, the Evaluation Committee first met on 19 January 2009. The minutes of this meeting indicated that the Committee was composed of the Director DLG as Chair, an OPM official within the Tourism and Sustainable Development Unit, an official within the Parliamentary Secretariat for LCs, an official from the Ministry for Culture, and a DLG official as Secretary to the Committee. The NAO was not provided with the corresponding letters of appointment of the Evaluation Committee members. The PS LC indicated to the NAO that the composition of the Committee was determined by the funding arrangements of the scheme, which was to be equally funded by the DLG and the Malta Tourism Authority (MTA).
- 3.1.11 During this first meeting, the Committee determined the administrative compliance of each application received in order to determine eligibility. The eligibility criteria adopted by the Committee reflected that stated in the guidance notes, namely that, the application was to be signed, dated and duly filled in, and was to include a detailed description of the initiative, a programme of activities, the date of the initiative and the budget. Although the minutes refer to documentation indicating the outcome of the administrative compliance process as attached thereto, the NAO could not trace this document. Following the administrative check, the Committee agreed that each member would evaluate all applications individually according to an evaluation sheet endorsed during this meeting. The evaluation sheet was also based on the criteria outlined in the guidance notes appended to Memo 37/2008, that is, innovation, impact on the urban and rural dimensions, impact on sustainability, social impact, integration and involvement, as well as impact on employment and equal opportunities. The outcome of this evaluation process was to be discussed during the next Committee meeting.
- 3.1.12 The second meeting was held on 26 January 2009, during which meeting the Committee members decided to exclude a late application submitted by the San Ġwann LC on 16 January 2009, in line with that stipulated in the Memo. The Committee discussed the evaluation procedure for the remaining applications and it was decided that the evaluation process was to be concluded by the next meeting. Furthermore, the Committee noted that a number of applications were submitted without an itemised budget, programme or timeframe and therefore, it was agreed that a request for the provision of the missing information would be sent to the respective LCs. This documentation was to be submitted to the DLG by 30 January 2009.
- 3.1.13 As per the decision taken during the second Evaluation Committee meeting, correspondence was sent to the 12 LCs that had not provided the required documentation on 26 January 2009. This correspondence was submitted to the Fontana, Għajnsielem, Għasri, Ħamrun, Kerċem, Marsaxlokk, Mdina, Nadur, Qrendi, Tarxien, Xgħajra and Żebbuġ (G) LCs. Moreover, according to this correspondence, LCs were informed that unless the requested information was submitted by 30 January 2009, the application would be rendered ineligible. It was also noted that this extension was termed as a one-time opportunity in order to accommodate as many LCs as possible.
- 3.1.14 The third meeting was subsequently held on 3 February 2009. The Committee decided not to consider the additional information submitted by the Tarxien LC on 2 February 2009, hence rendering this application invalid. The members of the Evaluation Committee agreed to conclude the review of the remaining applications

by the next meeting. The members also discussed the way forward regarding the ranking process of the eligible applications. According to the minutes of this meeting, the Evaluation Committee had received 31 eligible applications by that date. This followed replies received to correspondence submitted by the Committee referred to in paragraph 3.1.13.

3.1.15 Based on the review of other documentation retained by the DLG, the NAO established that the reasons put forward with respect to the ineligibility of the six applications were varied. In the case of the submissions by the San Ġwann and Tarxien LCs, the applications were not received by the extended deadline, while the activities proposed by the Senglea and Żejtun LCs were scheduled outside the stipulated timeframes. On the other hand, the Vittoriosa LC had already carried out the proposed activity and the St Paul's Bay LC had not submitted the required documentation.

3.1.16 The final meeting was held on 16 February 2009, during which the Committee members indicated the marks awarded to eligible applicants. The NAO was not provided with the evaluation sheets compiled by the individual members of the Committee with respect to each application. However, an overall mark and the grant allocated to eligible projects were indicated in the minutes of the fourth Committee meeting. The allocation of funds was based on marks obtained, with proposals attaining higher scores awarded more funds (Table 8 refers).

Table 8: Scoring/funding system (Memo 37/2008)

Score bracket	Funding amount (€)
41-50	4,000
51-60	4,500
61-70	5,000
71-80	5,500
81-90	6,000

3.1.17 Although the evaluation sheets compiled by the individual members of the Committee were not made available, the NAO reviewed a document retained on file wherein the marks awarded by each member were indicated. The NAO noted that certain proposals were not scored by all Committee members. More specifically, the proposals submitted by the Għarb, Marsaxlokk, Mdina, Munxar, Nadur, Qormi (2), Xagħra and Żebbuġ (G) LCs were allocated marks by three Committee members, whereas the two proposals submitted by the Żurrieq and Qala LCs were assessed by only two Committee members. Of greater concern to the NAO was the case of the Rabat (G) LC, where no individual marks were recorded, yet the submission was assigned an overall score of 61. When queried on these anomalies, the Chair of the Evaluation Committee stated that since these working papers were not signed, they were not the Committee's final decision, as otherwise all Committee members involved would have signed the documents. Furthermore, the OPM official within the Tourism and Sustainable Development Unit, a member on the Committee, stated that this was due to members not attending particular meetings. However, this Office noted that, according to the minutes of the meetings provided, all members of the Evaluation Committee had attended all the meetings held in respect of this scheme. Moreover, the explanation provided by the OPM official was deemed inconsistent with the established procedure for the appraisal of applications, with all submissions individually assessed by all Committee members.

3.1.18 The NAO compared the average of the individual marks allocated to each project with that cited in the minutes of the fourth meeting of the Evaluation Committee. This comparison is presented in Table 9.

Table 9: Comparison of average mark, Committee mark and amount allocated (Memo 37/2008)

LC	Project	Average mark	Committee mark	Amount allocated (€)
Mdina	Medieval Mdina	65	81	6,000
Vittoriosa	Birgu by Christmas Lights 2009	71	82	6,000
Floriana	Third Malta Mechanised Ground Fireworks Festival	52	71	5,500
Qormi	Lejla F'Casal Fornaro	70	71	5,500
Senglea	Festival Marittimu Isla 2009	70	71	5,500
Vittoriosa	A Festival of Maltese Traditional Games	72	72	5,500
Żurrieq	Zurricco - Notte Barrocca	71	71	5,500
Għajnsielem	Proġett Bethlehem f' Għajnsielem	67	67	5,000
Għarb	Festival of Arts, Culture, History and Music	60	61	5,000
Ħamrun	Chocolate Festival	64	64	5,000
Mqabba	L-Imqabba mal-medda taż-zmien	67	67	5,000
Mtarfa	Military Aspects Living Exhibition	62	62	5,000
Munxar	Sagra Pawlina	46	61	5,000
Rabat (G)	Celebrating the New Year	-	61	5,000
San Lawrenz	Bringing People Together	65	65	5,000
Tarxien	Walks around Tarxien - The Village of Folklore	62	62	5,000
Fontana	Sagra Sant Andrija	55	55	4,500
Għasri	Is-Sagra tal-Ħxejjex u Frott	57	57	4,500
Kerċem	Is-Sagra ta' San Girgor	58	58	4,500
Marsaxlokk	Fish Festival	62	60	4,500
Mellieħa	Mellieħa Christmas Market	64	60	4,500
Nadur	Nadur Christmas Market	53	53	4,500
Qala	Fourth Edition Qala International Folk Festival 2009	53	53	4,500
Qormi	Festa Nazzjonali tar-Rebbiegħa 2009	57	58	4,500
Qrendi	From Prehistory to the Digital Era	54	54	4,500
Xagħra	Weekend ta' Kultura u Sports	48	52	4,500
Żebbuġ (G)	Is-Sagra tal-Pjanti u Fjuri	52	52	4,500
Żabbar	A Classical Soirée of Local Talents	56	50	4,000
Żejtun	Żejt iż-Żejtun	-	-	3,500
Mellieħa	Iljieli Mellieħin	-	-	3,000
Qormi	Lejla Mużika Letterarja Adestes Fideles	48	0	-
Qormi	Mechanised Crib	49	0	-
Vittoriosa	Maundy Thursday by Candlelight	57	0	-
Vittoriosa	Birgu Fest 2009	62	0	-
Total				144,500

- 3.1.19 Immediately apparent in Table 9 is the difference between the average of individual marks assigned by Committee members and the overall mark cited in the minutes of the Evaluation Committee. In eight cases, the Committee mark was increased, which resulted in a higher funding amount. These eight cases corresponded to the Floriana, Għarb, Mdina, Munxar, Qormi, Senglea, Vittoriosa and Xagħra LCs. On the other hand, the LCs of Marsaxlokk, Mellieħa and Żabbar were allocated lower marks than the actual average obtained, decreasing the awarded amount to each of these councils by €500. When queried on this anomaly, the OPM official within the Tourism and Sustainable Development Unit stated that, further to the individual allocation of marks by the Evaluation Committee members, the Committee would jointly decide on the way forward. She also stated that in cases where the average mark was decreased, the Evaluation Committee would have taken this decision so that the affected projects would fall within the right category of funding. On the contrary, the Chair stated that in cases where changes were made to the Committee's decisions, members of the Parliamentary Secretariat would have been responsible for these adjustments.
- 3.1.20 The Evaluation Committee justified the decision not to award funds to two proposals put forward by the Qormi and Vittoriosa LCs on grounds that these councils were to be awarded funds with respect to two other proposals. In the case of the Qormi LC, the Committee selected the Lejla f'Casal Fornaro and the Festa Nazzjonali tar-Rebbiegħa. On the other hand, the Vittoriosa LC was awarded funds for its Festival of Maltese Traditional Games and the Birgu by Christmas Lights.
- 3.1.21 The case relating to the submission made by the Żejtun LC merits an element of explanation. On 16 March 2009, the Żejtun LC wrote to the DLG requesting the reconsideration of its application for the Żejt iż-Żejtun event. The Żejtun LC stated that the activity, which involved olive picking, could only take place between mid-September and mid-October. The LC also stated that the event could not be organised in October 2009, as the first three weekends were all reserved for other activities, such as Notte Bianca. In reply, on 9 April 2009, the Secretary to the Evaluation Committee informed the Żejtun LC that in order for its application to be considered eligible for funding, the proposed event had to take place during the months specified in the guidance notes.
- 3.1.22 However, subsequent correspondence, sent by the Secretary to the Evaluation Committee on 23 April 2009 and copied to the Committee Chair and one other Committee member, notified the Żejtun LC that its application was now deemed eligible for funding. According to this correspondence, the grant agreement was attached; however, this document was not found on file. Although the amount allocated to the Żejtun LC was not specified in the correspondence exchanged, according to the aforementioned working document, the Council was allocated €3,500 for this event. On 27 April 2009, the Żejtun LC requested additional funding, citing that this activity cost the Council €18,500 and therefore, sought a grant of €7,000, in line with the threshold stipulated in Memo 37/2008. The Secretary to the Evaluation Committee reverted on 5 May 2009, stating that the Committee had rejected this request for additional funding.
- 3.1.23 Of greater concern to the NAO was the €3,000 allocation made to the Mellieħa LC, for the organisation of the Iljieli Mellieħin event. Although the NAO was not provided with the applications submitted by the LCs, some form of record was established through the various working papers retained by the DLG and reviewed by this Office. However, in this particular case, no reference could be traced to this event

in any of the working papers reviewed, except for one. The NAO emphasises that a number of these documents were dated after the closing date for the submission of applications; therefore, this Office concludes that the acceptance of this proposal by the Evaluation Committee was irregular and inconsistent with the refusal of other late applications.

- 3.1.24 According to the working papers provided to this Office, the cumulative funding awarded to the 27 selected LCs amounted to €144,500, thereby exceeding the budget set for this scheme by €51,500. It is imperative to note that the allocation of €144,500 could not be sufficiently verified since a copy of the Evaluation Report was not provided to this Office by the DLG.
- 3.1.25 Furthermore, copies of the letters of acceptance sent to LCs to inform them of the positive outcome of evaluation were not found on file. The only documentation in this respect was a sample letter of acceptance sent to the Floriana LC dated 3 March 2009 and signed by the Secretary to the Evaluation Committee. This shortcoming also constrained the NAO in its verification of the total amount of funds allocated under this scheme.
- 3.1.26 A similar situation prevailed with respect to the letters of rejection, where only a sample letter sent to the Vittoriosa LC, dated 3 March 2009, was found on file. The sample letter of rejection informed the LC that the application was not considered eligible under this scheme due to non-adherence to the criteria established in the guidance notes.

3.2 Memo 38/2008: Skema dwar Proġetti Energy Saving

- 3.2.1 On 16 December 2008, the DLG issued Memo 38/2008, which was circulated to all LCs. This Memo was aimed at providing LCs with financial assistance in respect of energy saving initiatives that were environmentally sound and of a sustainable nature. The initiatives were intended to serve as a model for residents to emulate. Applicants were to propose new energy saving systems that were feasible and in line with environmental policies issued on a national scale. The Memo also indicated that the submitted proposals were to be evaluated by an independent board (hereinafter referred to as the Evaluation Committee) in accordance with the criteria established in the guidance notes appended to the Memo. The deadline for the submission of applications was 30 January 2009.
- 3.2.2 The guidance notes indicated that the budget allocated for this scheme was that of €150,000 and that the 15 highest-ranked projects would each be allocated financial assistance to a maximum of €10,000. A number of eligibility criteria were established, including that:
- a. applicants were to indicate the project's direct contribution to energy saving mechanisms;
 - b. consortia and secured co-financing were to be positively considered by the Evaluation Committee;
 - c. the scheme targeted LCs that were in the process of implementing energy saving projects within their localities; and
 - d. previous experience in the implementation of projects and the proper management of budgets were to be considered an asset.

- 3.2.3 Procedural considerations that were to be observed in order for eligibility to be ensured related to the completion of a standard application form. LCs were required to indicate the method of calculation based on the amount of kilowatt hour spent or the amount of kilowatt hour saved, which estimations were to be approved and signed by an electrical engineer. This data would enable the Evaluation Committee to establish the cost effectiveness of the proposals put forward. Other information requested was the location of the proposed project, the intended commencement and completion dates, as well as the envisaged effect of the project on electricity costs incurred by the LC.
- 3.2.4 The guidance notes elaborated on the funding arrangements that were to regulate grants awarded. It was specified that a pre-financing payment of 40 per cent of the eligible amount was to be made to the beneficiary prior to the initiation of the project. The request for payment of the balance was to be accompanied by the final technical implementation report and financial statements (invoices). Following approval of the technical implementation report by the Evaluation Committee, payment of the balance of the grant would subsequently be made to the beneficiary within 45 days. In view of the scheme's encouragement of collaboration between LCs, the guidance notes stated that applications put forward by consortia would be favourably considered. However, in the case of such joint proposals, a separate budget indicating how funds were to be sub-divided within the network was to be submitted.
- 3.2.5 Details relating to the application procedure were also outlined in the guidance notes. Particular reference was made to the application form, which was appended to Memo 38/2008. Supporting documentation deemed to be of central importance that was to be submitted with the application form included copies of the quotations obtained as well as a signed and stamped letter certifying co-financing. At least three quotations were to be obtained from three different suppliers for each activity for which funding was requested. The guidelines also stated that failure to submit any of the supporting documentation could result in the LC being considered as ineligible for funding.
- 3.2.6 The timeline established by the DLG set the closing date for the submission of proposals at 30 January 2009 and emphasis was placed on the fact that late submissions would not be considered. Also indicated was a timetable of the evaluation process, which was to be concluded by March 2009, with the subsequent announcement of selected proposals scheduled for April 2009. Furthermore, the evaluation and selection procedure that was to be followed entailed checks relating to administrative compliance, as well as the verification of the proposed projects' adherence to the eligibility criteria and rules.
- 3.2.7 On 13 February 2009, an officer within the Parliamentary Secretariat for LCs notified various officials that they had been selected to form part of the Evaluation Committee tasked with the adjudication of proposals received with respect to the energy saving scheme. The Committee was to be chaired by the Director DLG, and included two officials from the Parliamentary Secretariat for LCs and an official from the Malta Resources Authority (MRA) as members, and a Secretary to the Committee. Indicated in this correspondence was the fact that the PS LC proposed the Committee members.

- 3.2.8 Indirectly related to this scheme was Memo 13/2009,⁴ which was issued by the DLG on 24 February 2009. Stated in this Memo was the fact that by the closing date, 32 applications submitted by 45 LCs had been received for the energy saving scheme, with one of the applications submitted by a consortium of 15 LCs and two applications submitted by the Kalkara LC.
- 3.2.9 The NAO was only provided with the application form submitted by the Żurrieq LC; however, this Office's review of working papers retained on file confirmed that 32 applications had in fact been received by the DLG. Of these, 26 related to the installation of renewable energy systems. Other requests received by the DLG were for lighting in a public garden (1), the construction of a footway to eliminate traffic along a school street (1), an eco-friendly campaign (1), and street lighting (2). The NAO was unable to establish what the proposal put forward by the Fgura LC entailed as no information in this respect was recorded on the working papers reviewed.
- 3.2.10 The Evaluation Committee met on six occasions to determine which proposals were to be selected. During the first meeting, held on 10 March 2009, the Committee agreed to assess all applications in order to establish administrative compliance. The criteria that were to be considered in this respect were that applications were signed, dated, complete, provided a detailed description of the initiative, bore the approval of an electrical engineer and indicated cost effectiveness. This process of establishing administrative compliance extended to the second meeting, which was held on 18 March 2009. On this occasion, the Committee agreed that a checklist was to be devised and utilised in the technical evaluation of submissions. This checklist was finalised by the third meeting of the Committee, held on 24 March 2009, and utilised in the adjudication of submissions. Also during this meeting, the Evaluation Committee agreed to request missing information, not included in the application, from a number of LCs. Notwithstanding this, the NAO did not note this correspondence in the DLG file. Furthermore, the Committee decided that the late application submitted by the Xewkija LC would not be considered eligible.
- 3.2.11 The fourth meeting of the Evaluation Committee was held on 7 April 2009, where the Committee proceeded with its review of the applications submitted through the application of the checklist. The Committee established that all eligible LCs were to issue calls for tenders in order to obtain the most advantageous offer, in line with the LCs' tendering regulations. The NAO noted that this decision did not reflect that originally stated in the guidance notes appended to Memo 38/2008, wherein it was stated that LCs were to obtain at least three quotations.
- 3.2.12 During the fifth meeting, held on 16 April 2009, the Evaluation Committee concluded the review of the applications submitted and discussed the financing agreement. The Committee noted that the following points were to be listed in the agreement:
- a. LCs were to stay within the parameters of the specifications given;
 - b. if there was a change in premises, the photovoltaic (PV) equipment was to be transferred;
 - c. written permission was to be presented if the equipment was to be installed on premises that were not owned by the LC; and
 - d. 40 per cent of the grant was to be provided on presentation of a letter of commitment to the service provider, and the remaining 60 per cent was to be provided on completion of the project.

⁴ Besides information relating to applications received with regard to the energy saving scheme, Memo 13/2009 indicated similar details for Memo 37/2008 and Memo 5/2009, which focused on cultural activities and sports initiatives, respectively.

- 3.2.13 According to the checklist, a number of LCs had incomplete submissions. Also evident on the checklist were written notes indicating that the Committee was to request information from these LCs. However, the NAO was not provided with documentation indicating whether such requests were made and replies forthcoming. However, the NAO noted correspondence by the Evaluation Committee requesting the submission of additional information sent to the Safi and San Ġwann LCs on 24 April 2009. Although the requests sent to these LCs were made available to the NAO, their respective response was not on file. It is pertinent to note that despite multiple instances of LCs failing to submit all required supporting documentation, the Evaluation Committee opted to request the missing information rather than deem such applications as ineligible, as was considered possible in the guidance notes to Memo 38/2008.
- 3.2.14 The sixth meeting was held on 30 April 2009, wherein the Committee proposed three grant options, namely:
- a. grants would be distributed according to kilowatt-hour (kWh) saved, with allocations amounting to a total of €150,000;
 - b. grants would be distributed according to kWh saved, with allocations amounting to a total of €180,000; and
 - c. all proposed projects would be granted 50 per cent of the requested funding.
- 3.2.15 The Evaluation Committee agreed to allocate funds based on the second option, as this would provide the LCs with the largest amount of funding. It must be noted that, despite requests made to the DLG and the review of corresponding files, the NAO was not provided with a copy of the evaluation report. Queries to this effect were also addressed to the Chair of the Evaluation Committee and the Policy Coordinator within the Parliamentary Secretariat for LCs; however, this too proved futile as the Office was again directed to the DLG.
- 3.2.16 According to working papers reviewed by this Office, in establishing the amount of funds that was to be allocated to each LC, the Evaluation Committee applied the three aforementioned options to all eligible applications. The total value of project proposals put forward for consideration by the Evaluation Committee amounted to €468,530. It must be noted that the value of applications deemed ineligible by the Committee is not reflected in this figure, as details pertaining to these unsuccessful proposals were not indicated in the Committee's workings. The total funding requested with respect to these project proposals amounted to €361,582. The NAO deemed the workings for each option as sufficiently detailed, factoring in the estimated savings on a per project basis in the case of options (a) and (b) cited in paragraph 3.2.14. In the case of these two options, the funds allocated to each LC were to be based on the lowest of three alternatives, equivalent to: the project's estimated savings as a percentage of all projects' savings, a maximum of €10,000, or the amount requested. The NAO noted that this system was fairly applied across all submissions, effectively constituting a logical basis for the allocation of funds. Option (a) would result in a disbursement of €150,700, option (b) in funds allocated amounting to €178,200 and option (c) in an overall grant of €179,550 (Table 10 refers).

Table 10: Allocation of funds under options A to C (Memo 38/2008)

LC	Description of project	Project cost (€)	Amount requested (€)	Option A (€)	Option B (€)	Option C (€)
Attard	Using renewable energy	7,521	7,521	2,700	3,300	3,750
Birkirkara	Using renewable energy	9,873	9,873	4,000	4,800	4,900
Consortium	Implementation of renewable energy systems and energy efficient systems within a network of 15 LCs	170,424	115,593	45,000	52,100	57,000
Dingli	Using renewable energy	8,220	8,220	3,100	3,700	4,100
Fgura	n/a	n/a	n/a	0	0	0
Fontana	Implementation of a PV system	12,288	10,000	4,000	4,800	5,000
Gudja	Implementation of PV system	10,261	10,000	2,500	3,000	5,000
Għarb	Energy for the Council, Education for the Children	8,475	8,475	2,400	2,900	4,200
Għaxaq	Installation of grid connected PV system	10,000	10,000	4,000	4,800	5,000
Kalkara (1)	Additional lighting to increase security	9,873	9,873	3,800	4,500	4,900
Kalkara (2)	Using renewable energy	n/a	n/a	0	0	0
Kirkop	ECO Municipality Administrative Office of Kirkop	9,350	9,350	4,000	4,800	4,600
Marsascala	Construction of footway	n/a	n/a	0	0	0
Mqabba	Installation of grid connected PV system	10,000	10,000	4,000	4,800	5,000
Munxar	Clean Electricity for the Community, by the Community	16,039	10,000	5,600	6,700	5,000
Pembroke	Eco friendly campaign	10,271	10,000	4,000	4,800	5,000
Qormi	Installation of a solar PV system	20,118	10,000	5,900	7,100	5,000
Qrendi	Using renewable energy	8,220	8,220	3,100	3,700	4,100
Safi	Installation of grid connected PV system	8,475	8,475	3,100	3,700	4,200
San Ġwann	PV upgradable system	14,407	10,000	6,900	7,900	5,000
San Lawrenz	Implementation of an incentive scheme	n/a	n/a	0	0	0
Senglea	Using renewable energy	9,873	9,873	4,000	4,800	4,900
Sigġiewi	Installation of Grid connected PV system	20,000	10,000	8,000	9,500	5,000
Sliema	Increasing energy efficiency and education about renewable energy sources	14,830	10,000	5,600	6,700	5,000
St Paul's Bay	Implementation of renewable energy systems for street lighting system	8,051	8,051	1,000	1,200	4,000
Swieqi	Proposed PV modules	14,186	10,000	5,700	6,800	5,000
Ta' Xbiex	CO ² NTR0L Amalgamating energy with a greener environment	8,185	8,185	3,100	3,700	4,000
Tarxien	Sports, education and energy	12,776	10,000	4,500	5,300	5,000

Vittoriosa	Alternative energy for Couvre Porte	15,673	10,000	5,600	6,700	5,000
Żebbuġ (M)	Provision of street-lighting	n/a	n/a	0	0	0
Żejtun	Lighting the Future with LED Lamps	11,268	10,000	1,300	1,600	5,000
Żurrieq	Using renewable energy to provide electricity, supplementing daily consumption and reducing CO ² footprint	9,873	9,873	3,800	4,500	4,900
Total		468,530	361,582	150,700	178,200	179,550

3.2.17 Of the 32 submitted applications, five were not granted funding. Four of these projects comprised street lighting in Żebbuġ (M), renewable energy in San Lawrenz and Kalkara, as well as the construction of a footway in Marsascula. In the case of street lighting, the reason cited for the application's ineligibility was the fact that the project was not within the eligibility criteria specified in the guidance notes. However, the NAO noted that other applications for street lighting, submitted by the Kalkara and St Paul's Bay LCs, were approved for funding. It was therefore unclear why the Żebbuġ (M) LC application was termed ineligible as, on the basis of the limited information available to this Office, the only difference between these applications related to the zone within which such installations were to be made.

3.2.18 With regard to the two ineligible applications for renewable energy, both were deemed outside of the scope of the scheme. One of the projects comprised the installation of a solar water heater on private residences in San Lawrenz, while the other application was for the planning and installation of a PV array system close to a playing field in Kalkara. The rejection of the application submitted by the Kalkara LC was understood by the NAO as the application of conditions stipulated in the guidance notes, wherein it was specified that only one project proposal was to be submitted by each council. Similarly, the submission by the Marsascula LC for the construction of a footway was not deemed to be within the scheme's guideline criteria. The fifth rejected proposal was that submitted by the Fgura LC, which was deemed ineligible as the application was not made on the standard form.

3.2.19 On 25 May 2009, the 27 LCs that were selected for funding by the Evaluation Committee were informed of this outcome and the grant allocated towards their proposal. Appended to the correspondence sent to each of these LCs was an acceptance agreement regulating the financial grant. This agreement listed the requirements that the LCs were to abide by in order for the transfer of funds to be effected. These included that LCs issue a call for tenders, submit relevant documentation to the DLG and provide a statement of expenses. The total disbursement, as indicated in these letters of acceptance, amounted to €178,200, which exceeded the budget stipulated in Memo 38/2008 by approximately €30,000. A press release was subsequently issued in this regard on 25 May 2009. On the same date, the LCs whose projects were not selected were informed of this decision. The NAO noted that six letters were sent in this regard, one of which related to an application that was submitted a month after the closing date, hence accounting for all applications received. The Chair confirmed that no formal approval for this increase in funding was sought; however, it was indicated that funds were sourced from a below-the-line account, with the required verifications as to the availability of supplementary funds undertaken with the DLG.

3.2.20 Notwithstanding the conclusion of the scheme through the formalisation of the grant award, this Office noted that, on 19 August 2009, a letter was sent to all selected LCs. In this letter it was indicated that funding originally allocated to the LCs was to be increased. The reason cited in this letter was that the DLG wanted to ensure that all the approved projects could be seen through to completion. Following this revision, the overall level of funding increased from €178,200 to €314,900; however, no formal approval, issued by the PS LC or the DLG, relating to this increase in funding was found on file. The Policy Coordinator indicated to the NAO that approval was ordinarily obtained from the Director DLG and PS LC; however, this endorsement was verbally communicated and the only documentation available in this regard would consist of the subsequent instructions given to the DLG officers by the Policy Coordinator. The Chair of the Evaluation Committee, who in this case was the Director DLG, stated that whenever changes of this sort were made, these would be effected on the direct instructions of the PS LC. The PS LC confirmed his endorsement of the increase in budget; however, indicated that this decision was arrived at following consultation with the Prime Minister and the Permanent Secretary, responsible for local government, within OPM. The rationale cited in this regard related to government's drive to promote sustainable energy through best practices exemplified in projects undertaken by LCs. Table 11 lists the amounts initially allocated to the LCs, the revised amounts communicated on 19 August 2009 and the resulting variance.

Table 11: Variance between initial and revised funding (Memo 38/2008)

LC	Description of project	Project cost (€)	Amount requested (€)	Initial funding (€)	Revised funding (€)	Variance (€)
Consortium ¹	Implementation of renewable energy systems and energy efficient systems within a network of 15 LCs and the dissemination of information about the benefits of the project	170,424	115,593	52,100	101,500	49,400
Żejtun	Lighting the Future with LED Lamps	11,268	10,000	1,600	9,000	7,400
Gudja	Implementation of PV system	10,261	10,000	3,000	8,200	5,200
St Paul's Bay	Implementation of renewable energy systems for street lighting system	8,051	8,051	1,200	6,400	5,200
Fontana	Implementation of a PV system	12,288	10,000	4,800	9,800	5,000
Għarb	Energy for the Council, Education for the Children	8,475	8,475	2,900	6,800	3,900
Kalkara (1)	Additional lighting to increase security	9,873	9,873	4,500	7,900	3,400
Pembroke	Eco friendly campaign	10,271	10,000	4,800	8,200	3,400
Żurrieq	Using renewable energy to provide electricity, supplementing daily consumption and reducing CO ² footprint	9,873	9,873	4,500	7,900	3,400
Munxar	Clean Electricity for the Community, by the Community	16,039	10,000	6,700	10,000	3,300

Sliema	Increasing energy efficiency and education about renewable energy sources	14,830	10,000	6,700	10,000	3,300
Vittoriosa	Alternative energy for Couvre Porte	15,673	10,000	6,700	10,000	3,300
Għaxaq	Installation of grid connected PV system	10,000	10,000	4,800	8,000	3,200
Mqabba	Installation of grid connected PV system	10,000	10,000	4,800	8,000	3,200
Swieqi	Proposed PV modules	14,186	10,000	6,800	10,000	3,200
Birkirkara	Using renewable energy	9,873	9,873	4,800	7,900	3,100
Safi	Installation of grid connected PV system	8,475	8,475	3,700	6,800	3,100
Senglea	Using renewable energy	9,873	9,873	4,800	7,900	3,100
Dingli	Using renewable energy	8,220	8,220	3,700	6,600	2,900
Qormi	Installation of a solar PV system	20,118	10,000	7,100	10,000	2,900
Qrendi	Using renewable energy	8,220	8,220	3,700	6,600	2,900
Ta' Xbiex	CO ² NTROL Amalgamating energy with a greener environment	8,185	8,185	3,700	6,500	2,800
Attard	Using renewable energy	7,521	7,521	3,300	6,000	2,700
Kirkop	ECO Municipality Administrative Office of Kirkop	9,350	9,350	4,800	7,500	2,700
San Ġwann	PV upgradable system	14,407	10,000	7,900	10,000	2,100
Tarxien	Sports, education and energy	12,776	10,000	5,300	7,400	2,100
Sigġiewi	Installation of grid connected PV system	20,000	10,000	9,500	10,000	500
Total		468,530	361,582	178,200	314,900	136,700

Note:

1. The Consortium consisted of the Floriana, Għajnsielem, Għargħur, Kerċem, Mġarr, Mellieha, Mosta, Mtarfa, Nadur, Naxxar, Qala, Rabat (G), Sannat, Xagħra and Żebbuġ (G) LCs.

3.2.21 The reasoning applied in determining the revised funding was twofold. Proposals were to be allocated the minimum of either 80 per of the project cost or the amount of funding requested by the LC. In either case, the funding allocation was not to exceed €10,000. This revised funding formula was uniformly applied to all eligible proposals.

3.3 Memo 24/2009: Skema dwar Aċċessibilità Aħjar fil-Lokalitajiet

3.3.1 Memo 24/2009 was issued on 6 April 2010 and was part of the measures implemented by the Government for sustainable localities. This scheme was aimed at improving the administrative offices and other properties administered by the LCs, while simultaneously intended at improving physical accessibility to public spaces within the localities. As a result of this scheme, councils would assume a leading role in ensuring accessibility in their locality. Interested applicants were to submit an application by 15 May 2009, which form and guidance notes relating thereto were appended to the Memo.

3.3.2 According to the guidance notes, a fund of €100,000 was allocated for this scheme. The primary aim of this document was as a guidance tool for LCs interested in implementing infrastructural changes to render administrative offices, buildings

and public spaces accessible to all. The guidance notes specified that alterations undertaken were to be in line with aspects indicated in the 'Access for All Design Guidelines' issued by the National Commissions Persons with Disability (KNPD⁵), which provided the general principles and guidelines of accessible design, technical information regarding design specification and dealt with accessibility in specific types of buildings and facilities. In addition to these guidelines, the guidance notes made reference to the 'Malta Policy for Local Governance' and the 'Strategy for Sustainable Localities Guidelines'. Developments undertaken in this regard were to cater for and take into consideration locality knowledge as well as community needs, while simultaneously positively influence the everyday life of residents in their respective localities.

- 3.3.3 The guidance notes outlined the selection criteria that were to be applied with respect to this scheme. To this end, a non-exhaustive list of possible eligible interventions considered as contributing to the betterment of accessibility of LC buildings and public spaces for persons with special needs was presented. This list included examples related to ensuring suitable means of entry, accessibility to outside areas, continuous unobstructed access routes and the availability of elevators.
- 3.3.4 Prospective applicants were also provided with a list of rules for the submission of applications under this scheme. Applicants were required to comply with these parameters to be considered eligible for funding. The rules set indicated that:
- a. the application form appended to the Memo was to be signed, dated and completed;
 - b. proposed initiatives within the councils' offices were to be clearly described;
 - c. applicants were required to submit the expected initiation and completion dates;
 - d. the signatories of the application were to be the Mayor and the Executive Secretary of the LC;
 - e. contact details of the signatories were required;
 - f. signatories were to utilise the grant solely for the purpose for which it was granted; and
 - g. prior to submission, applications were to be vetted and given clearance in writing by the KNPD.
- 3.3.5 Stipulated in the guidance notes was the fact that grants up to a maximum of €10,000 would be awarded to the LCs that best fulfilled the set criteria. Half of the allocated grant was to be transacted on completion of the project, after clearance from the KNPD that was to be based on spot checks.
- 3.3.6 Guidelines on how the application form was to be completed were also provided. Applicants were instructed to complete the form in sufficient detail, particularly with respect to the aims of the project, the investments/benefits that were to accrue and the way in which the initiative related to the scheme's objectives. In terms of supporting documentation required in this regard, applicants were to submit an architect's plan of works. Additionally, development to be undertaken was to be in accordance with the criteria established by the Malta Environment and Planning Authority (MEPA) and the 'Access for All Design Guidelines'. Moreover, it was indicated that submissions made after the closing date of 15 May 2009 would not be considered.

⁵ *Kummissjoni Nazzjonali Persuni b'Dizabilità*

- 3.3.7 Finally, the guidance notes outlined the evaluation and selection procedures that were to be implemented by the Evaluation Committee. Applications were to be vetted and assessed in accordance with the following criteria:
- a. affirmation that the application was appropriately completed, hence administratively compliant;
 - b. verification that the project was eligible in accordance with the established criteria;
 - c. applicants' capability and achievement of the selection and eligibility criteria outlined; and
 - d. an assessment of the quality of the proposed initiative in terms of the set criteria.
- 3.3.8 A template application form was appended to Memo 24/2009 and forwarded to prospective applicants. Aside from general details regarding project coordination, applicants were to state the total eligible costs and the planned start date of the project. A summary of the proposed project was to be provided, together with an indication of the tangible results expected, as well as a breakdown of the costs involved. Applicants were to indicate whether the project was being submitted by a group of LCs and, in the affirmative, identify the participants. In addition, the involvement of third parties was to be indicated, providing details of such input.
- 3.3.9 The NAO was not provided with documentation indicating the setting up of the Evaluation Committee and the appointment of members thereto. However, the review of meeting minutes allowed this Office to establish that the Committee was composed of the Director DLG as Chair, an official from the Parliamentary Secretariat for LCs and a representative of the KNPD as members. Furthermore, the Evaluation Committee was to be assisted by an official from the DLG as Secretary.
- 3.3.10 According to minutes retained on DLG file, the first meeting of the Evaluation Committee was held on 9 June 2009. The Committee agreed to vet all applications received to ensure administrative compliance. This entailed the verification of whether applications were signed, dated and provided a detail description of the project. Furthermore, the Committee was to ascertain whether supporting documents, including KNPD and MEPA approvals, as well as a budget of anticipated costs were submitted.
- 3.3.11 The Evaluation Committee further agreed that the implementation of projects awarded funding was to start in 2009, and that this was to be clearly indicated in the grant agreements. Moreover, according to the KNPD member on the Committee, of the 15 applications submitted for the required Commission's clearance, only seven adhered to the 'Access for All Design Guidelines' as stipulated in the guidance notes. The Evaluation Committee decided to vet these applications first, submitted by the Cospicua, Mgarr, Qormi, Santa Venera, St Julians, Vittoriosa and Żabbar LCs. It was also agreed that a request was to be submitted to those LCs that had not submitted a KNPD or MEPA approval. The Committee also decided to reject the Rabat (M) application, which was sent after the submission deadline.
- 3.3.12 The second Evaluation Committee meeting was held on 26 June 2009, for which all four members were present. During this meeting, the Committee decided to accept more than one application per LC, yet ultimately award funds to one project per council, that which best addressed the objectives of the scheme. The Committee reviewed the remaining applications and it was again agreed that a request would be sent to those LCs that had not submitted the KNPD and MEPA approvals. These

submissions were to reach the Committee by its next meeting. The KNPD member on the Committee put forward a list of evaluation criteria that were to be prioritised when marking applications.

- 3.3.13 The Evaluation Committee's third meeting was held on 17 July 2009 and was attended by all members except for the KNPD member, who was excused. During this meeting, the Committee Secretary provided the members with an update on the applications reviewed during the previous meetings. During this meeting, four applications submitted by the Gudja, Marsa and Nadur LCs, as well as that put forward by the LCA, were considered ineligible for funding. Finally, the Committee set the date for another meeting for 22 July 2009.
- 3.3.14 Notwithstanding that stated in the third meeting of the Evaluation Committee, the NAO was not provided with minutes relating to the ensuing meeting or other meetings held thereafter. Attempts to source documentation relating to other meetings possibly held, addressed to the Chair of the Committee, the Policy Coordinator within the Parliamentary Secretariat for LCs (a member on the Committee) and the DLG, proved futile. Moreover, and of greater concern was the fact that a copy of the Evaluation Committee's report could not be sourced by this Office, despite the review of all documentation provided and requests raised with the Chair, the Policy Coordinator and the DLG.
- 3.3.15 The only information noted by this Office that somehow indicated the applications received and the subsequent allocation of funds consisted of working papers retained by the DLG. A total of 37 applications were submitted by 32 LCs and another application was put forward by the LCA. It must be noted that the NAO was not provided with the applications submitted with respect to this scheme. Of the 38 submissions, 26 applications were deemed eligible by the Evaluation Committee, 11 were deemed ineligible and one proposal of the two submitted by the Gudja LC was withdrawn. The cumulative cost of the projects submitted amounted to €1,015,637; however, this did not reflect the cost of all projects. Based on the review of working documents retained by the DLG, the NAO noted that project costs were not indicated in respect of the 12 submissions deemed ineligible or withdrawn by the LC. When queried on this matter, the Policy Coordinator within the Parliamentary Secretariat for LCs stated that the corresponding LCs would have probably not included the estimates in their application. However, this could not be verified by the NAO as the applications submitted were not made available.
- 3.3.16 The reasons for rejection cited in a working document were varied. In the case of the Paola and St Julians LCs applications, the better of two submissions was chosen. The Marsascalea LC application was deemed ineligible on grounds that the project had not yet been approved, although no indication of which approval was specified. Furthermore, seven applications were considered ineligible, with the reason cited as 'No KNPD approval'. Finally, the proposal put forward by the LCA was deemed ineligible, owing to its classification as a late application. Of interest in this respect was the fact that the submission by the Rabat (M) LC, deemed as a late application during the first meeting of the Evaluation Committee and subsequently rejected, was eventually considered eligible. No information relating to the evident change in status of this application was noted by the NAO.
- 3.3.17 The 26 applications deemed as eligible for funding were awarded a cumulative grant of €256,784. The basis of eligibility cited in working papers reviewed by this Office primarily centred on the varying extent of accessibility that was to be attained through these projects. An element of ambiguity was noted with respect

to the St Paul's Bay LC submission, in which case the reason presented was that the Council 'Wanted to change project'. Of greater concern to the NAO were the seven applications, considered eligible and granted funds, where 'No KNPD Approval' was cited in DLG working documents. This Office could not ascertain whether KNPD approval was ultimately obtained, rendering the anomaly attributable to a failure to update the working papers. Queried in this respect, the Policy Coordinator within the Parliamentary Secretariat for LCs stated that projects that did not have the requisite KNPD approval were not even considered for funding. When queried in this respect, the Chair of the Evaluation Committee stated that he could not explain this anomaly and maintained that, occasionally, the Committee's decisions were overturned by the Secretariat. Notwithstanding explanations provided, the NAO could not verify statements made as no documentation supporting that claimed was provided.

3.3.18 Other working papers reviewed by this Office indicate that a marking schedule was applied in the evaluation of submissions. The marking schedule took into consideration two criteria, that is, the extent of accessibility provided through the project and the site where the project was to be implemented. In the latter case, different sites were allocated varying marks, with priority given to LC offices (Table 12 refers).

Table 12: Marking schedule (Memo 24/2009)

Site	Fully accessible (marks)	New site fully accessible (marks)	More than 50% accessible (marks)	Partially accessible (marks)
LC offices	100	95	80	30
Library	75	70	50	10
Public conveniences	65	60	40	10
Bays	55	50	30	10
Gardens	50	45	20	10
Shelters	45	40	20	10
Pavements	40	35	20	10
Playing fields	35	30	10	5
Football pitches	30	25	10	5
Partially accessible projects	25	20	10	5

3.3.19 The NAO established that, in the majority of cases deemed eligible, the marking schedule was applied. The only exceptions to this were the proposal put forward by the St Paul's Bay LC and one of the applications submitted by the Xewkija LC. Both applications were classified as eligible and awarded funds, yet allocated no marks. When queried on this instance, the Policy Coordinator within the Parliamentary Secretariat for LCs stated that the Evaluation Committee would have probably decided not to award funds to these projects. Notwithstanding this, Committee decisions were invariably forwarded to the PS LC and Director DLG (when the latter was not on the Committee). Furthermore, the Policy Coordinator noted that the PS LC and Director DLG sometimes overruled the Committee's allocation of funding if they disagreed on how the funds were to be distributed. Changes would be subsequently effected to reflect amendments made. When queried on this point, the Chair, then Director DLG, stated that this decision was definitely not made by the Evaluation Committee, but was beyond their control. On the other hand, the PS LC could not recall specifically intervening in this respect; however, he drew the Office's attention to the fact that these applications clearly fell within the priorities set for this scheme and therefore the marks assigned by the Committee were erroneous.

3.3.20 Irrespective of whether the marks allocated were consistent with the schedule as reproduced in Table 12, this Office noted that the allocation of marks bore no relevance to the grant given to each LC. All projects deemed eligible were in fact awarded funds; however, as a rule, grants covered 50 per cent of the total project cost, capped at €10,000 (Table 13 refers). Although the capping was in line with that stipulated in Memo 24/2009, the 50 per cent allocation had not been indicated when the scheme was issued. Analysis of the funds committed indicates that the €100,000 threshold was exceeded, with the allocation of €256,784 implying an overallocation of €156,784.

Table 13: Proposal evaluation overview (Memo 24/2009)

LC	Project	Eligibility	Marks obtained	Cost of project (€)	Amount allocated (€)
Pietà	LC Offices	yes	100	38,165	38,000
Vittoriosa	LC Offices	yes	80	56,485	10,000
Cospicua	LC Offices	yes	100	20,777	10,000
Żejtun	LC Offices	yes	100	22,166	10,000
Għajnsielem	LC Offices	yes	95	32,600	10,000
Luqa	LC Offices	yes	100	46,828	10,000
Marsa (1)	LC Offices	yes	100	21,000	10,000
Mgarr	LC Offices	yes	100	39,000	10,000
St Julians (1)	Beach/Balluta	yes	55	277,644	10,000
Santa Venera	LC Offices	yes	100	151,891	10,000
Xagħra	LC Offices	yes	100	30,000	10,000
Xewkija (1)	Public Toilets	yes	0	24,445	10,000
Rabat (M)	LC Offices	yes	100	57,068	10,000
Qormi	Public Toilets	yes	65	19,868	9,934
Kirkop	LC Offices	yes	95	19,586	9,793
Għargħur	Public Toilets	yes	65	19,500	9,750
Għarb	LC Offices	yes	95	18,644	9,322
Sannat	LC Offices	yes	95	17,678	8,839
Għaxaq	Football Pitch	yes	30	17,561	8,780
Żurrieq	LC Offices	yes	100	17,000	8,500
Floriana	LC Offices	yes	100	15,902	7,951
Mqabba	LC Offices	yes	100	13,900	6,950
Paola (1)	Library	yes	70	10,507	5,253
St Paul's Bay	LC Offices	yes	0	9,948	4,974
Żabbar	LC Offices	yes	100	9,600	4,800
Senglea	LC Offices	yes	100	7,875	3,938
Birżebbuġa	Beach	no	0	n/a	0
Gudja (1)	Public Toilets	no	0	n/a	0
Gudja (2)	Play Ground	withdrawn	0	n/a	0
Marsa (2)	Public Toilets	no	0	n/a	0
Marsascula	LC Offices	no	0	n/a	0
Mellieħa	War Shelter	no	0	n/a	0
Nadur	Pavement	no	0	n/a	0
Paola (2)	Public Toilets	no	0	n/a	0
St Julians (2)	Beach/Quay	no	0	n/a	0
Tarxien	Public Toilets	no	0	n/a	0
Xewkija (2)	Garden	no	0	n/a	0
LCA	LCA Offices	no	0	n/a	0
Total				1,015,638	256,784

3.3.21 The only exception to the 50 per cent allocation was that relating to the Pietà LC. In this case, although the initial grant was capped at €10,000, this was later revised and the cost of the project, to the amount of €38,000, was funded through this scheme. Correspondence retained on file indicated that, on 9 November 2009, the Pietà Mayor wrote to the DLG requesting assurance that the entire cost of the project would be funded, as the Council had a significant deficit that precluded it from undertaking capital projects. On 24 November 2009, the Director DLG informed the Pietà Mayor that the request was accepted on condition that the project was completed by end September 2010. This Office noted that the change in funding was not in line with the conditions set out in the Memo, in that LCs were to be granted an allocation of up to €10,000. When queried on this matter, the Director DLG stated that the final decision rested with the PS LC and the Evaluation Committee did not question such decisions. The PS LC confirmed his involvement in this regard yet indicated that the decision to revise the allocation made to the Pietà LC was taken following consultation with the Director DLG. Furthermore, the PS LC justified this decision in terms of the LC's poor financial situation and the priority assigned by government to increase accessibility across council offices.

3.4 Memo 25/2009: Fondi Speċjali għal Lokalitajiet bi Bżonnijiet Speċjali

3.4.1 Memo 25/2009, aimed at aiding LCs with special needs arising out of the specific characteristics of their locality, was issued on 21 April 2009. The DLG budgeted a fund of €500,000 for this scheme. Interested LCs were requested to submit an application indicating the specific need for which funding was being requested. Councils were also required to forward a balance sheet and a statement of commitments not reflected in the balance sheet, duly endorsed by the Mayor and Executive Secretary. Additional information that was to be provided when submitting the application form included the income generated by the LC in the preceding three years, over and above the funds allocated by central government. The Memo also referred to the setting up of an Evaluation Committee that was to adjudicate all applications and recommend the allocation of funds. The deadline for the submission of applications was stipulated in an addendum to Memo 25/2009 issued on 23 April 2009. As indicated in Memo 25A/2009, the deadline was set at 29 May 2009.

3.4.2 Of serious concern to the NAO was the near complete lack of documentation relating to the role played by the Evaluation Committee in the allocation of funds under this scheme. No letters of appointment of any of the Committee's members were made available and the only record this Office was provided with was an office note indicating that the Committee was composed of PS LC, Director DLG, an official from the Parliamentary Secretariat for LCs and a DLG official as Secretary. Also indicated on this office note was the date of a meeting held on 8 August 2009. No meeting minutes corresponding to this or any other meeting were made available to the NAO. When queried in this respect, the PS LC indicated that he had not formed part of the Evaluation Committee, yet indicated his presence at initial meetings relating to schemes that were considered complex, in order to provide direction. Notwithstanding clarifications sought in this respect, the NAO was unable to establish whether an Evaluation Committee had been set up or determine any other details relating to its composition.

3.4.3 Of greater concern was the fact that based on evidence reviewed, an evaluation report was not drawn up. Attempts to source the report by the NAO proved futile, as the Policy Coordinator within the Parliamentary Secretariat for LCs referred the Office to the DLG. On the other hand, the DLG maintained that the initial schemes

were not under the Department's direct responsibility, and instead were steered by the Secretariat; therefore, queries were to be accordingly addressed. This significant shortcoming impeded this Office from establishing the basis of selection of projects over others and the allocation of funds thereto. The situation was further compounded by the fact that no working papers, illustrating the analysis undertaken in arriving at the allocation of funds, were retained. The NAO is of the opinion that the shortcomings highlighted in this paragraph raise serious concerns with regard to the overall governance of the evaluation process, with particular failure noted in terms of the level of transparency and accountability expected when managing a fund of considerably materiality.

- 3.4.4 Following the review of the limited working papers retained on file, the NAO established that by the closing date, 79 applications had been submitted. An additional eight applications were submitted after the closing date by the Attard, Floriana, Rabat (G) (3), St Paul's Bay, Żebbuġ (G) and Żejtun LCs. In total, the applications put forward corresponded to 37 LCs (Table 14 refers).
- 3.4.5 In total, the amount requested by LCs applying for funding under this scheme was of €11,192,157; however, this figure does not include the cost of 18 projects marked as 'n/a' in Table 14. Based on the limited information available, the NAO noted that the overall funds allocated amounted to €565,000, which was in excess of the original budget (€500,000). Grants were allocated to 34 projects submitted by 20 LCs. The selected applicants were awarded funds ranging from €8,000 to €100,000. Of interest was the fact that funds were allocated to four out of the eight applications submitted after the closing date. Moreover, the applications submitted by the San Lawrenz and St Paul's Bay LCs were awarded funds without providing an estimate of the costs involved. The submission by the San Lawrenz LC was classified as ineligible, yet awarded a grant of €10,000. When queried on this matter, the Policy Coordinator within the Parliamentary Secretariat for LCs stated that it was possible that the LC had initially not provided the DLG with an estimate of the project and its application was therefore deemed ineligible. The Policy Coordinator also stated that the Committee must have reviewed its decision after being provided with an estimate of the project and decided to award €10,000 to the LC. No documentation was provided to support these claims. Similarly, attempts at sourcing this documentation from the Director DLG proved futile.
- 3.4.6 Of greater concern was the award to the St Paul's Bay LC, allocated €100,000 for the maintenance of roads in touristic areas. Aside from the fact that this was a late application, the NAO noted that this submission did not feature in the working papers reviewed by this Office, except in a document filed very late in the process. When queried on this point, the Policy Coordinator within the Parliamentary Secretariat for LCs referred to the priority assigned to the locality in view of its touristic importance yet failed to provide satisfactory justification for the Committee's decision to allocate substantial funds to this late submission. Another case of note was that of the Marsascula LC, which was awarded funds (€25,000) in excess of the amount requested (€19,735). With respect to this anomaly, the Policy Coordinator claimed that the LC might have revised the amount requested at a later stage in the process, possibly following discussions with the PS LC. Notwithstanding this, explanations put forward were not supported with corresponding evidence.

Table 14: List of projects, amount requested and allocated (Memo 25/2009)

LC	Project	Amount requested (€)	Amount allocated (€)	
St Paul's Bay	Maintenance of roads and lighting for a tourist zone	n/a	100,000	
Valletta	Cleaning and waste collection of the Commercial Centre	60,000	60,000	
Sliema	Cleaning of the locality	42,108	42,000	
Żebbuġ (G)	Additional funds for the Marsalforn community	42,366	42,000	
Munxar	Cleaning of principal roads	1,260	40,000	
Munxar	Cleaning of domestic waste	1,148		
Munxar	Extra cleaning of parking area in Xlendi	700		
Munxar	Maintenance of street furniture	2,000		
Munxar	Planting and watering of plants in Xlendi	1,900		
Munxar	Installation of stainless steel ladder	2,500		
Munxar	Maintenance of lamp posts	53,549		
Munxar	Emptying of seafront litterbins u beach bins in the evening	3,150		
Munxar	Purchasing of paint for Xlendi council	1,500		
Munxar	Maintenance of signs	900		
St Julians	St Julians as a locality with special needs	35,169		35,000
Marsa	Cleaning of roads within the industrial zone	40,506		30,000
Marsa	Cleaning of roads near the race course	15,330		
Marsascala	Marsaskala - lokalità milquta' minn diversi influssi	19,735	25,000	
Floriana	Floriana - lokalità milquta' minn diversi influssi	77,748	25,000	
Mellieħa	Cleaning of the Ċirkewwa port	17,333	23,000	
Mellieħa	Enforcement of laws in recreational places	63,381		
Mellieħa	Traffic congestion in Mellieħa	20,000		
Cospicua	Cleaning in the locality	100,000	20,000	
Rabat (G)	Cleaning of roads and upkeep of public conveniences	95,881	20,000	
Msida	General cleaning of the locality	33,400	17,000	
Birżebbuġa	Birżebbuġa as a locality with special needs	37,000	15,000	
Mqabba	Special funds for roads	101,085	15,000	
Xgħajra	Financial aid to cover the basic needs of the council	19,500	15,000	
Fontana	Finance the LC's imbalance in the collection of domestic waste	5,940	14,000	
Fontana	Financial Compensation	1,000		
Fontana	Financial compensation for Pjazza l-Għejjun	8,000		
San Lawrenz	Dwejra Bay	n/a	10,000	
Paola	Road maintenance and cleaning, upkeep of public conveniences	9,000	9,000	
Nadur	Funding for the Spontaneous Carnival	10,000	8,000	
Attard	Refurbishment of public garden	142,099	0	
Balzan	Resurfacing of two roads	n/a	0	
Cospicua	Increasing accessibility to the LC	10,777	0	
Cospicua	Medieval roads, pavements and steps	200,000	0	
Fontana	Salary for the agent executive secretary	3,355	0	
Fontana	Financial compensation to cover for insurance	2,000	0	
Fontana	Financial compensation for the upkeep of the civic centre	2,000	0	
Fontana	Maintenance of new lighting systems in Triq il-Għajn	n/a	0	
Fontana	Financial aid for a commercial area	n/a	0	
Fontana	An efficient administrative office	n/a	0	

Fontana	Cultural activity of Sagra ta' Sant'Indrija	n/a	0
Gżira	Gżira - lokalità milquta' minn diversi influksi	54,000	0
Għarb	Recreational project in the locality	175,000	0
Kerċem	Building of new roads in locality	n/a	0
Lija	Re-patching of tarmac at Vjal it-Trasfigurazzjoni	99,603	0
Luqa	Maintenance of specific roads	99,750	0
Marsa	Tarmac and paving in Triq is-Salib tal-Marsa	317,297	0
Mġarr	Reducing isolation through road investments (1)	2,162,773	0
Mġarr	Reducing isolation through road investments (2)	n/a	0
Msida	Infrastructural works of traffic management schemes	n/a	0
Msida	Infrastructural works of storm water culverts	n/a	0
Msida	Infrastructural works on industrial roads	n/a	0
Munxar	New public sanitary facilities	10,000	0
Munxar	Maintenance of garden situated within the new playing field	2,000	0
Rabat (G)	Refurbishment of Rabat playing field	600,000	0
Rabat (G)	Resurfacing of a number of roads	400,000	0
San Lawrenz	Quarries	n/a	0
Santa Venera	Accessibility to the council's administrative office	150,000	0
Santa Venera	Building of five-a-side football pitch	663,217	0
Senglea	Embellishment of Xatt Juan B. Azopardo	788,040	0
Senglea	Embellishment of Triq l-Arkati	156,860	0
Swieqi	Resurfacing of roads in Madliena	829,222	0
Ta' Xbiex	Resurfacing of roads	47,000	0
Ta' Xbiex	Maintenance of steps	45,000	0
Tarxien	Special funds for projects in this locality	222,000	0
Xagħra	Storm water management project at Triq Marsalforn	1,052,924	0
Xewkija	Applications by WasteServ Ltd to build two recycling plants	36,800	0
Xewkija	Works on the industrial zone	n/a	0
Xewkija	Lighting system on Knisja Rotunda	25,000	0
Xewkija	Carnival activities	7,000	0
Valletta	Hospitality	43,000	0
Valletta	Paving of roads and pavements	1,071,250	0
Valletta	Marketing plan 'Branding Valletta'	46,000	0
Valletta	The needs survey project	26,000	0
Valletta	Renovation of public toilets in Valletta	264,000	0
Vittoriosa	Electronic website of the LC	2,758	0
Vittoriosa	Refurbishment of public sanitary facilities	n/a	0
Vittoriosa	Mini-bus shuttle service for the elderly in the locality	25,500	0
Vittoriosa	Investment in the environment	n/a	0
Vittoriosa	Investment in education in Birgu	n/a	0
Vittoriosa	Investment in the historic city of Birgu	n/a	0
Vittoriosa	Visual documentary about the historic places in Birgu	12,000	0
Żejtun	Reclassification of residential roads as arterial roads	474,843	0
Total		11,192,157	565,000

Note:

1. Applications marked as 'n/a' imply that no estimate was made available to the NAO.

- 3.4.7 It must be stated that the NAO was not provided with copies of the applications submitted by the LCs and hence could not verify the accuracy, or otherwise, of information recorded on the aforementioned working documents. The limited documentation retained on file, the futile attempts at sourcing relevant information from the DLG and the Secretariat, as well as the vague explanations put forward rendered the verification of facts impossible.
- 3.4.8 The NAO noted an element of ambiguity in the classification of applications as eligible or ineligible as no documentation specifying the criteria employed in this respect was provided. All applications awarded funds, bar that submitted by the San Lawrenz LC were deemed as eligible, while those not selected for funding were classified as ineligible. When queried on this point, the Policy Coordinator within the Parliamentary Secretariat for LCs stated that since all eligible applicants were awarded funding, there was no need for justification. Furthermore, the Policy Coordinator stated that the criteria utilised in determining which LCs were eligible mainly focused on the type of project proposed, the locality, the priority of the project, seasonality, and the budgetary allocation of the respective LC. The NAO also queried the then Director DLG on this matter who stated that subsequent decisions with respect to funding allocations were beyond the control of the Evaluation Committee. Notwithstanding this, the basis for the determination of eligibility remained unclear to this Office as the application of the criteria set was not documented or sufficiently explained.
- 3.4.9 Projects deemed eligible were classified in four categories, namely, capital (applied to the Valletta LC submission), tourism zone, central locality and special problems. No details were provided with regard to how these categories were established and applied.
- 3.4.10 Acceptance letters were sent to the selected applicants on 7 September 2009. These letters simply stated the name of the project that was selected for funding and the grant amount. Applicants were also asked to sign a grant agreement; however, only a copy of the agreement entered into by the Rabat (G) LC was noted on file. The conditions cited in the grant agreement included that the selected councils were bound to utilise the allocated funds solely to implement the project applied for and to utilise the allocated sum by end 2009. The DLG also reserved the right to monitor the expenses incurred in connection with the amount granted under this scheme and to request copies of receipts of the works undertaken.
- 3.4.11 Copies of the letters of rejection sent to the LCs not awarded funds were not made available to this Office. On 14 September 2009, the Senglea LC sent a letter to the Evaluation Committee requesting an explanation as to why the Council's application was not selected for funding. However, the reply, if any, by the Committee, was not retained on file or made available to this Office despite requests to this effect.

3.5 Memo 28/2009: Skemi dwar Enterprise Support Award u Green Challenge Award

- 3.5.1 Memo 28/2009 was issued by the DLG on 29 April 2009 and formed part of the wider measures implemented by Government for the development of sustainable localities. Interested LCs were to identify initiatives undertaken or scheduled between September 2007 and September 2009, which either assisted the entrepreneurial sector within the locality (Enterprise Support Award) or improved the physical environment of the locality (Green Challenge Award). The deadline for the submission of applications was set at 31 July 2009.

- 3.5.2 Guidance notes, appended to Memo 28/2009, were intended to serve as an aid to LCs in applying for awards related to this scheme. The Ministry of Finance, the Economy and Investment (MFEI) and the Parliamentary Secretariat for LCs issued this document. The guidelines followed Government's policy objectives, namely, the draft 'Malta Policy for Local Governance', the draft 'National Strategy for Sustainable Development' and the 'United Nations Division for Sustainable Development – Agenda 21' documents. The total funding amount was set at €200,000, allocated between the two schemes. Eligible initiatives were to cover areas relating to energy, the environment, transport, culture, the economy, social inclusion, urban conservation and regeneration, as well as waste management. Furthermore, initiatives had to form part of a local strategy, which included social values, customs and traditions that shaped local identity.
- 3.5.3 The guidance document listed initiatives that were deemed eligible interventions in respect of the Local Enterprise Support Award and the Green Challenge Award. With respect to the Local Enterprise Support Award, initiatives were to provide positive socio-economic impacts, respect and enhance the community's way of life, while also supporting a participative approach by LCs with other entities. Other criteria that were to be addressed through these initiatives included the establishment of PPPs and support afforded to the locality's business community. On the other hand, initiatives in respect of the Green Challenge Award were to assist in the provision of efficient, affordable and environmentally friendly public transportation, regenerate and utilise local infrastructural assets, as well as provide more parking facilities. LCs were encouraged to collaborate with third parties, possibly with NGOs or through PPPs. Also deemed eligible in this regard were initiatives proposed by LCs that centred on the utilisation of renewable resources as well as waste management strategies.
- 3.5.4 The rules governing the eligibility for the submission of proposals were also outlined in the guidance notes. These included procedural details relating to the completion of application forms and the supporting documentation that was to be submitted. Specified was the fact that failure to submit any of the documentation required could render the application ineligible for funding. Furthermore, indicated in the guidance notes was the deadline for the submission of applications, set at 31 July 2009, and that late submissions would not be considered.
- 3.5.5 The manner in which the awards were to be allocated was specified in the guidance notes. In this sense, an award capped at €40,000 was to be allocated to the LC that best fulfilled the set criteria for each scheme. Furthermore, 10 selected LCs, five from each scheme, were to each benefit from an award of €10,000 for the achievement of positive results through the initiatives carried out in their locality.
- 3.5.6 The evaluation and selection procedures specified in the guidance notes outlined the vetting process that was to be utilised by the Evaluation Committee in the adjudication of applications. Applications were to be assessed on:
- a. grounds of administrative compliance;
 - b. the eligibility of the applicant and proposed initiative in terms of the criteria set for this scheme;
 - c. the applicant's ability to achieve the criteria set out; and
 - d. evaluation of the quality of the proposed project.
- 3.5.7 A standard application form was appended to Memo 28/2009 and forwarded to prospective applicants. Information that was to be submitted in this respect included

details of the project proposal, overall timeframes, project location, the anticipated benefit/investment, as well as the involvement of any stakeholders in the initiative.

- 3.5.8 The NAO was not provided with letters of appointment of members on the Evaluation Committee. This Office established the composition of the Committee through review of the minutes of the initial meeting held. According to the minutes, the Committee was composed of the Director DLG as Chair, and the Policy Coordinator within the Parliamentary Secretariat for LCs, two officials from the MFEI and a representative from an environmental NGO as members. Another DLG official assisted the Committee as Secretary. This Committee was tasked with evaluating the applications submitted for both awards under this scheme.
- 3.5.9 It must be noted that copies of applications submitted to the DLG with respect to the Enterprise Support Award and the Green Challenge Award were not made available to the NAO. This effectively constrained the review of the selection process, limiting this Office's analysis to working documents retained on file.

Enterprise Support Award

- 3.5.10 Based on records retained by the DLG, the Evaluation Committee held its first meeting on 21 August 2009. During this meeting, the Committee agreed that it would first establish whether applications received were administratively compliant. However, the NAO was not provided with records of the compliance check or any other minutes of meetings subsequently held despite reference to a second meeting that was to be held on 1 September 2009. In this context, this Office was constrained to rely on working documents retained on file.
- 3.5.11 According to these documents, 18 applications were received with respect to the Enterprise Support Award. The Evaluation Committee classified the submission by the Birkirkara LC as a late application given that it was received on 4 August 2009. Notwithstanding this late submission, the Committee deemed this application as eligible. The only element of evaluation noted by this Office comprised handwritten notes on a list of applications received. These notes indicated that four applications were deemed ineligible, corresponding to submissions made by the Kirkop, Lija, St Julians and Valletta LCs. No explanation regarding the basis of ineligibility of these four applications was recorded on file. However, following queries raised with the Policy Coordinator within the Parliamentary Secretariat for LCs, it was indicated that the submission by the Lija LC was clearly ineligible, while the remaining three submissions had not provided a clear explanation of how the project benefitted local enterprises.
- 3.5.12 Of the 14 eligible applications, 10 were shortlisted and awarded cumulative funds of €90,000 (Table 15 refers). The basis of this shortlisting process is unclear, as no records indicating the rationale employed by the Evaluation Committee were retained. Queries addressed to the Chair of the Evaluation Committee and the Policy Coordinator within the Parliamentary Secretariat for LCs provided no further insight into this process. The sole indication of some form of evaluation consisted of a rudimentary series of markings, possibly indicating an element of preference by the Committee. In this context, the NAO was unable to establish whether the criteria stipulated in the guidance notes were considered in determining the shortlist of applications that were eventually granted funds. It is with concern that this Office noted that no evaluation report was made available for its review, despite requests addressed to the DLG in this respect.

3.5.13 In terms of funds awarded, the €40,000 Enterprise Support Award was allocated to the Mellieħa LC for initiatives that were to be organised to promote opportunities for the diverse economic activities undertaken within the locality. Notwithstanding this, the NAO noted that other disbursements relating to this Award did not wholly reflect the financial allocations indicated in Memo 28/2009. In this sense, instead of awarding €10,000 to five LCs, the Evaluation Committee granted €10,000 to the Vittoriosa LC and €5,000 to another eight LCs. When queried on this matter, the Chair of the Evaluation Committee stated that such decisions would have been taken by the Secretariat. On the other hand, the Policy Coordinator within the Parliamentary Secretariat for LCs could not recall the reason for this change in the allocation of funding, yet referred to the role played by the Parliamentary Secretariat for Small Business and Land within MFEI in managing this scheme. Despite this, the NAO was unable to establish the basis of allocations made, with no clear indication specifying why certain LCs were awarded more funds than others. When queried on the matter, the PS LC indicated that this revision was made in view of the many valid applications received. Although the budget was retained, the funds were now distributed among more LCs. While confirming the involvement of the Secretariat, the PS LC stated that the Evaluation Committee proposed this change.

Table 15: Allocation of the Enterprise Support Award (Memo 28/2009)

LC	Project	Eligibility	Shortlisted	Amount awarded (€)
Mellieħa	Promoting different enterprises in Mellieħa	yes	yes	40,000
Vittoriosa	Cultural activities	yes	yes	10,000
Attard	Community-building educational campaign	yes	yes	5,000
Birkirkara	Connecting local businesses with the community	yes	yes	5,000
Għarb	Seher il-Punent	yes	yes	5,000
Mdina	Promoting business in Mdina	yes	yes	5,000
Mtarfa	Various activities	yes	yes	5,000
Naxxar	Enhancing the Naxxar central zone	yes	yes	5,000
Sigġiewi	Sigġiewi Annual Agrarian Show	yes	yes	5,000
St Paul's Bay	Administrative/financial support Buġibba community	yes	yes	5,000
Fgura	One-stop shop administrative offices	yes	no	0
Għarb	Support and promotion of Ta' Dbiegi Crafts Village	yes	no	0
Kirkop	Boosting ecological junctions	no	no	0
Lija	Upgrading of a playing field	no	no	0
Sliema	Christmas decorative lighting	yes	no	0
St Julians	One-stop shop service at the LC offices	no	no	0
St Julians	Free-of-charge bus service - outskirts to centre	yes	no	0
Valletta	For a better and empowered community	no	no	0
Total				90,000

3.5.14 Based on documentation retained by the DLG, all LCs were invited to attend an award ceremony that was to be held on 5 January 2010. According to the correspondence submitted to LCs on 17 December 2009, the recipients of funds under this award were to be announced during this ceremony.

Green Challenge Award

- 3.5.15 As indicated in paragraph 3.5.10, the Evaluation Committee held its first meeting on 21 August 2009. During this meeting, the administrative compliance of applications received was assessed and it was agreed that the missing information corresponding to the Għarb, Pietà, Rabat (G), St Julians, Valletta, Vittoriosa and Żejtun LCs was to be requested. The NAO was not provided with any other minutes of meetings subsequently held, despite reference that a second meeting was to be held on 1 September 2009. Attempts to source this documentation from the Chair of the Evaluation Committee, the Policy Coordinator and the DLG proved futile. In this context, this Office was constrained to rely on working documents retained on file.
- 3.5.16 According to these working documents, 27 applications were received by the Evaluation Committee with respect to the Green Challenge Award. One application, that submitted by the Qala LC on 3 August 2009, was classified as a late submission by the Evaluation Committee. The Committee deemed this application, together with those submitted by the Siġġiewi and Xagħra LCs, as ineligible. The ineligible projects entailed the regeneration of public convenience facilities and the provision of olive trees to residents, respectively, while that proposed by the Qala LC related to the transformation of abandoned land into a recreational park. This Office was unable to ascertain the reasons that rendered these applications ineligible as no record of such decisions was retained on file. When queried on this point, the Chair of the Evaluation Committee could not recall the specific reasons why these cases were deemed ineligible; however, he referred to issues of regularity and devolution as possible reasons. Nonetheless, according to the Policy Coordinator, these initiatives did not fulfil the set criteria or were unsuitable for award.
- 3.5.17 It is unclear whether the application put forward by the Qala LC was rejected on grounds of it being submitted late, particularly when one considers the fact that similar circumstances prevailed in the case of the application made by the Birkirkara LC for the Local Enterprise Award. In the latter case, the same Committee deemed the application as eligible.
- 3.5.18 Out of the 24 applications deemed eligible, 10 were shortlisted and eventually awarded cumulative funds of €90,000. Again, the NAO noted that the basis for shortlisting was not specified, rendering it impossible for this Office to comment on the fairness of the process. The only indication of an element of evaluation consisted of a basic series of markings, possibly indicating the Committee's preferences with respect to the applications it deemed eligible. It is with concern that this Office noted that no evaluation report was made available for its review, despite requests addressed to the DLG in this respect.
- 3.5.19 With regard to the Green Challenge Award, the Attard LC was awarded €40,000 for its project promoting community involvement and increased environmental awareness. While the award of €10,000 to the San Lawrenz LC was in line with that stipulated in the guidance notes, this Office noted that a number of other awards were not in accordance with such provisions. In this sense, specific reference is made to awards of €5,000 allocated to eight LCs (Table 16 refers). Again, queries raised with respect to this departure in funding parameters elicited similar responses to those cited in paragraph 3.5.13.

Table 16: Allocation of the Green Challenge Award (Memo 28/2009)

LC	Project	Eligibility	Shortlisted	Amount awarded (€)
Attard	Community involvement / environmental awareness	yes	yes	40,000
San Lawrenz	Various green initiatives	yes	yes	10,000
Fontana	Abandoned areas, energy saving and eco-friendly initiatives	yes	yes	5,000
Kirkop	Boosting ecological junctions in a joint venture with the SMEs	yes	yes	5,000
Mdina	Green incentives to save energy and enhance the beauty of the City	yes	yes	5,000
Mellieħa	Initiatives for the achievement of a Blue Flag Status for Għadira Bay	yes	yes	5,000
Naxxar	Enhancing the environment for a better quality and active lifestyle	yes	yes	5,000
Santa Luċija	A sculpture garden and picnic area	yes	yes	5,000
Vittoriosa	Participation and implementation of the MedCOAST.Net project	yes	yes	5,000
Żejtun	Rehabilitation of a derelict zone into a recreational park	yes	yes	5,000
Fgura	Mitigating air pollution through a tree planting programme	yes	no	-
Għarb	Application for Wied il-Mielgħ project	yes	no	-
Kerċem	Mixja f'Ambjent li jssaħħrek - Konservazzjoni - Tisbiħ - Sostenibbiltà	yes	no	-
Lija	Upgrading of a green area	yes	no	-
Mtarfa	Planting of olive and pine trees	yes	no	-
Mtarfa	Upgrade of playing field	yes	no	-
Pembroke	Better use of energy through eco-friendly lamps	yes	no	-
Qala	Transformation of abandoned land into a recreational park	no	no	-
Qormi	Storm water urban flooding relief project	yes	no	-
Rabat (G)	Embellishment of St George's Square	yes	no	-
Sannat	Landscaping of an area into a promenade	yes	no	-
Siġġiewi	Regeneration and utilisation of a public convenience	no	no	-
Sliema	Provision of environmentally-friendly urban transportation	yes	no	-
St Julians	The provision of extra cleaning services of the Paceville area	yes	no	-
St Julians	Initiative to attain Blue Flag Status for St George's Bay	yes	no	-
Valletta	Setting up of a new park-and-ride system	yes	no	-
Xagħra	Supply of olive trees to residents	no	no	-
Total				90,000

3.5.20 This award was to be presented in conjunction with the Enterprise Support Award, that is, during the ceremony scheduled for 5 January 2010. Based on correspondence reviewed by this Office, on 17 December 2009, LCs were informed that the recipients of funds under this award were to be announced during this ceremony.

3.6 Memo 42/2009: Skema dwar Inizjattivi ta' Attivitajiet 2010

- 3.6.1 Memo 42/2009, issued on 10 July 2009, was aimed at aiding LCs in the organisation of cultural activities within their locality. This scheme was one of the measures implemented by Government aimed at incentivising LCs to organise traditional activities that promote Malta's cultural heritage. The scheme was in its second year, as similar initiatives had been promoted through Memo 37/2008, issued on 3 December 2008. Prospective applicants were provided with guidance notes and an application form that was to be completed and submitted to the DLG by 11 September 2009.
- 3.6.2 In the guidance notes appended to the Memo, it was stipulated that a fund of €250,000 was allocated to assist LCs in the implementation of events. This document was to be utilised as guidance by prospective applicants in identifying the projects and initiatives that were eligible for grant assistance and the steps in the application process as well as the eventual implementation of approved projects.
- 3.6.3 According to the guidance notes, the proper development and promotion of the initiatives proposed were to result in positive socio-economic impacts for the locality. These initiatives were to enhance the way of life of the community while ensuring that they did not conflict with the character of the locality. Furthermore, proposals were to support a participative approach between LCs and other entities in the design, implementation and management of such initiatives.
- 3.6.4 In line with the guidance notes provided, LCs were to indicate how the proposed initiatives were to contribute towards the conservation of tangible heritage, such as historical sites, monuments and artefacts, while promoting intangible aspects such as social values and traditions, customs and practices, artistic expression, and language. Also indicated was the fact that LCs forming consortia to collectively work on a project were to be favourably considered during the evaluation process. Initiatives for which co-financing was sourced were also to be given due consideration during appraisal. Other criteria indicated were that eligible initiatives were to be innovative, help develop the locality as a touristic area, involve various stakeholders and ensure visitor satisfaction. Proposed initiatives were to be organised within the specified timeframes, that is, from 1 December 2009 to 15 June 2010 and between 15 September 2010 and 31 December 2010.
- 3.6.5 Applicants were to abide by a number of conditions in the submission of proposals falling under this scheme. These were that:
- a. the application, made on the template form provided with Memo 42/2009, was to be signed, dated and completed;
 - b. a detailed description of the initiative was to be provided, including a programme of activities;
 - c. the date of proposed initiative was to be indicated; and
 - d. a detailed outline of the budget allocated for the implementation of the proposed initiative was to be presented.
- 3.6.6 With regard to financial allocations, the guidance notes indicated that a maximum of €10,000 was to be granted for selected initiatives to assist LCs in the respective preparations. The amount of funding allocated solely depended on the sustainable and concrete viability of the initiative proposed. Moreover, collaborations between LCs for the implementation of common projects, aimed at providing better quality activities, were encouraged.

- 3.6.7 The guidance notes also stipulated the application procedure that was to be adhered to for applications to be considered under this scheme. Applicants were instructed to complete the form in sufficient detail, particularly with respect to the aims of the project, the investments/benefits that were to accrue and the way in which the initiative related to the scheme's objectives. Only one proposal was to be submitted by each applicant.
- 3.6.8 Besides the application form, applicants were required to submit supporting documentation outlining the programme of activities and a breakdown of the proposed budget. Applicants who failed to submit any of the requested documents risked being rendered ineligible for funding. Furthermore, it was indicated that late submissions would not be considered.
- 3.6.9 The evaluation and selection procedure that was to be applied by the Evaluation Committee was outlined in the guidance notes. Applications were to be assessed on:
- a. grounds of administrative compliance;
 - b. the eligibility of the applicant and proposed initiative in terms of the criteria set for this scheme;
 - c. the applicant's ability to achieve the criteria set out; and
 - d. the evaluation of the quality of the proposed project.
- 3.6.10 Finally, a number of broad issues that were to be considered by the Evaluation Committee in the adjudication of submitted applications were specified. These included various aspects relating to the project, such as, innovation, sustainability, the contribution to the urban and rural characteristics of the locality, as well as its social impact.
- 3.6.11 A template application form was appended to Memo 42/2009 and forwarded to prospective applicants. Aside from general details regarding project coordination, applicants were to state the total eligible costs and the planned start date of the project. A summary of the proposed project was to be provided, together with an indication of the tangible results expected, as well as a breakdown of the costs involved. Project timeframes and the involvement of other stakeholders were to be stated. Applicants were to indicate whether the project was being submitted by a group of LCs and, in the affirmative, identify the participants.
- 3.6.12 By the closing date for the submission of applications, that is, 11 September 2009, 67 projects proposals had been submitted by 50 LCs and two consortia made up of two and three LCs, respectively. In total, the estimated cost of the 67 proposals submitted amounted to €1,125,372. One must note that the NAO was not provided with copies of the applications and supporting documentation submitted by the LCs. Hence, this Office was constrained to rely on figures cited by the Evaluation Committee in its reporting on the matter.
- 3.6.13 According to records retained by the DLG, the Evaluation Committee first met on 6 October 2009. The minutes of this meeting indicated that the Committee was composed of the Director DLG as Chair, an OPM official within the Tourism and Sustainable Development Unit, a Policy Coordinator, Parliamentary Secretariat for Local Government, an official within the Parliamentary Secretariat for Tourism, an official from the MTA and the Secretary to the Committee. The NAO was not provided with the corresponding letters of appointment of the Evaluation Committee members. When queried on the appointment of members to the Evaluation Committee, an

official within the Schemes Unit stated that this process was undertaken by the Parliamentary Secretariat for Local Government. This was also confirmed by the Chair of the Evaluation Committee. Furthermore, the Policy Coordinator within the Parliamentary Secretariat for LCs stated that Committees were normally composed of a Secretariat representative, a DLG official, a Secretary, and a technical expert generally selected by the PS LC.

- 3.6.14 During this first meeting, the Chair of the Evaluation Committee confirmed that the budget allocated to this scheme was €250,000 and that each eligible initiative could be awarded a maximum of €10,000. The Committee identified the criteria that were to be utilised in establishing administrative compliance. The minutes indicated that the Committee was to contact a number of LCs requesting them to furnish information that had not been submitted with the application. Furthermore, the Committee established the selection criteria that were to be employed in determining the allocation of funds. The Committee decided to postpone the decision on the consideration of late applications and multiple submissions by the same LC due to the absence of two of its members.
- 3.6.15 The second Evaluation Committee meeting was held on 15 October 2009. During this meeting, the Committee completed the administrative compliance process and again decided to contact a number of LCs that had not submitted all the required documentation. Finally, the Evaluation Committee established that late applications would be deemed eligible for consideration in the adjudication process.
- 3.6.16 The third and fourth meetings were held on 21 October 2009 and 30 October 2009, respectively. At this stage, all submissions were evaluated against the criteria that had been established in previous meetings. The criteria that were to be utilised in determining the allocation of funds are outlined in Table 17. The NAO was not provided with records indicating how marks corresponding to each of the established criteria were allocated to all applications received. Furthermore, the MTA official on the Committee suggested the inclusion of a clause in the funding agreement, whereby LCs would be required to consult with the Authority prior to the event. During the fourth meeting, a date for the next meeting was set; however, the NAO was unable to establish whether this meeting was held as no minutes were provided despite attempts to source such documents from the Committee.

Table 17: Evaluation criteria utilised with respect to Memo 42/2009

Criteria	Marks
Promoting the event to foreign/local visitors	10
Innovative idea	10
Promote local culture	10
Touristic offer	10
Stakeholders	10
Enrich the cultural calendar	10
Visitors satisfaction	10
Social inclusion	10
Tradition	10
Sustainability/Environmental	10
Total	100

3.6.17 Although the NAO was not provided with the breakdown of marks per application according to each criterion, this Office sourced another document, filed on 24 November 2009, wherein the overall marks allocated were indicated. Also indicated was the system that was to be employed in determining the funding amount based on marks obtained. This is reproduced in Table 18.

Table 18: Award of grant based on marks obtained (Memo 42/2009)

Marks obtained	Amount granted (€)
45-50	3,000
51-60	3,500
61-70	5,000
71-75	7,500
76-100	10,000

3.6.18 The document filed on 24 November 2009 was the only document sourced by the NAO that indicated the marks allocated per initiative. This allocation of marks is presented in Table 19.

Table 19: Allocation of marks and funding per initiative (Memo 42/2009)

LC	Project	Estimated cost (€)	Approved funding (€)	Marks
Vittoriosa	BirguFest 2010	24,275	10,000	83
Qormi	Spring Festival 2010	14,000	5,000	78
Żejtun	Żejt iż-Żejtun - The Olive Fest	20,000	10,000	78
Mdina	Medieval Mdina - Flower and Pageantry	54,000	10,000	77
Vittoriosa	Festival of Maltese Traditional Games	9,462	7,500	76
Floriana	Malta New Year's Eve Celebrations 2009	39,000	7,500	75
Mġarr	Celebration of traditional recipes made in winter time	11,000	7,500	74
Senglea	Maritime Festival 2010	20,900	7,500	74
Mtarfa	Military Mtarfa 2010	17,476	7,500	73
Floriana	Fourth Malta Mechanised Ground Fireworks Festival	20,000	7,500	71
Qala	Fifth Edition of the Qala International Folk Festival 2010	44,680	7,500	71
Sannat	Notte Scarlatta - L-Era Medjevali	13,720	7,500	71
Cospicua	Festival tas-Swar ta' Bormla	15,095	5,000	69
Mqabba	L-Imqabba mal-Medda taż-Żmien	14,000	5,000	69
Luqa	Luqa at War 1939- 1945	12,233	5,000	68
Vittoriosa	Ħamis ix-Xirka fid-Dawl tax-Xemgħa 2010	12,423	-	68
Valletta	Valletta - its heritage, its culture and its people	15,200	5,000	67
Għajnsielem	Bethlehem f'Għajnsielem	13,110	7,500	66
Naxxar	L-istorja tmexxi s-Sengħa	15,300	5,000	66
St Paul's Bay	400th Anniversary of Wignacourt Tower	17,000	5,000	65
Dingli	Ħidma Agrarja u Tradizzjonijiet	13,720	5,000	64
Fgura	Jiem Maltin - Festa tar-Raħħala	32,500	5,000	64
Lija	Citrus and Harvest Festival	2,844	2,500	64
Msida	A three day cultural and entertainment activity	13,500	5,000	64
Siggiewi	Siggiewi Annual Agrarian Show	10,000	5,000	64
Żabbar	Lejla fil-Belt Hompesch	15,823	5,000	64
Żebbuġ (M)	Haż-Żebbuġ Jistiednek	35,000	5,000	64

Għarb	Seher il-Punent 2010	3,900	5,000	63
Ħamrun	Chocolate Festival in Ħamrun	11,033	5,000	63
Mellieħa	Iljieli Mellieħin 2010	18,200	5,000	61
Consortium 1	Festi Pawlini in Marsalforn	5,708	5,000	61
Santa Venera	Lejl l-Artiġjanat	6,000	3,500	57
St Paul's Bay	Festa tal-Bdiewa f'Burmarrad 2010	12,330	3,500	57
Fontana	Is-Sagra ta' Sant'Indrija	20,000	3,500	56
Nadur	Nadur Carnival 2010	20,000	3,500	55
Żebbuġ (G)	Ilwien ir-Rebbiegħa 2010	10,125	3,500	55
Balzan	Jiem il-Ġonna in Balzan	10,618	3,500	53
Birżebbuġa	Enjoying traditional games	6,900	3,000	48
Consortium 2	The Malta International Folk Festival	15,500	3,000	48
Kirkop	Spring Irkottafest 2010	9,670	3,000	47
Marsascula	Arti fil-Beraħ	9,896	3,000	47
Qrendi	Cultural Traditions at Qrendi by Night	7,000	3,000	47
Xewkija	Xewkija Carnival Festival 2010	11,950	3,000	47
Marsa	Xogħol, Ikel u Xorb matul il-medda taż-żmienijiet	10,000	3,000	45
Mosta	Reviving Malta's Past Carnival and Traditional Food	6,393	3,000	45
Kerċem	Is-Sagra ta' San Girgor	27,090	3,000	43
Marsascula	Ljieli Agrarji	9,240	-	43
Xagħra	Legend - Alive	49,979	5,000	43
Attard	Lejl għat-tard	20,721	3,500	41
San Ġwann	Kalendarju Kulturali f'San Ġwann 2010	19,935	3,500	41
Munxar	Lejliet is-Sajf	24,196	5,000	38
Rabat (G)	New Year in the City	33,000	5,000	33
Mellieħa	Milied Mellieħi 2009	20,050	3,000	32
Mellieħa	Milied Mellieħi 2010	20,050	-	32
Nadur	Nadur Christmas Market 2009	10,632	3,500	32
Naxxar	Naxxar Christmas Festival	21,600	-	32
Paola	Paola Christmas Fest	41,830	3,000	32
Valletta	The City at Christmas	16,200	5,000	29
St Paul's Bay	Milied Ħieni 2009	5,850	-	28
St Paul's Bay	Milied Ħieni 2010	6,100	-	28
St Paul's Bay	Carnival 2010	4,000	-	28
Għargħur	Guided tours within the village core	2,415	-	0
Pietà	Lejla ta' Riflessjoni	2,000	-	0
Pietà	Fire and Water Display	3,500	3,000	0
Qormi	Mechanised Crib	19,000	-	0
Qormi	Lejl f'Casal Fornaro	34,500	5,000	0
Żebbuġ (G)	'Għeruqna' musical in 'Ilwien ir-Rebbiegħa' 2010	12,000	-	0
Total		1,125,372	277,500	

Notes:

1. Consortium 1 was composed of the Żebbuġ (G) and Xagħra LCs.
2. Consortium 2 was composed of the Kalkara, Tarxien and Żebbuġ (M) LCs.

- 3.6.19 In its review of grants allocated based on marks awarded, the NAO noted a number of anomalies. This Office noted cases where funds allocated were inconsistent with the ranges specified in Table 18. For example, in the case of the proposal put forward by the Għajnsielem LC, the Evaluation Committee awarded €7,500, when, based on marks obtained, the grant should have been €5,000. On the other hand, the Vittoriosa LC, for its initiative relating to traditional Maltese games, was awarded €7,500, when, based on marks obtained, it should have received €10,000. Another issue of note identified by the NAO related to the grant awarded to the Għarb LC, which at €5,000, exceeded the original request for funding, that of €3,900. Also of concern were instances when grants were allocated despite projects being marked below the minimum threshold for funding. Examples include the submissions made by the Kerċem, Munxar and Paola LCs.
- 3.6.20 Other apparent anomalies were explained following the review of documentation retained by the DLG. The NAO noted that the Evaluation Committee decided to limit the allocation of funds to two submissions per LC, hence explaining the case of the Vittoriosa LC, where more than two initiatives were favourably adjudicated by the Committee, yet not all projects were awarded funds. In certain cases, the NAO noted that LCs with multiple submissions were awarded funds for initiatives that were scored poorly by the Evaluation Committee. However, this Office noted that these overallocations were offset by reduced allocations for other initiatives that should have obtained more funding. A case exemplifying this was that of the Qormi LC. Finally, with respect to the grant allocated to the Lija LC, while the NAO acknowledges that the funding was not in line with the system established as per Table 18, this was correctly adjusted in view of the amount of funds requested. Finally, the NAO noted that two of the initiatives were deemed ineligible, as these were not considered consistent with that envisaged in Memo 42/2009. These initiatives were proposed by the Għargħur and Żebbuġ (G) LCs, for guided tours around the village core and the production of a musical, respectively.
- 3.6.21 The adjudication process was concluded on 5 May 2010, when the Evaluation Committee submitted its report to the DLG. The report referred to the date of launch of the scheme (23 September 2009) and the closing date for the submission of applications (30 October 2009), which dates were incongruent with those stated in Memo 42/2009 (10 July 2009 and 11 September 2009). When queried on this anomaly, the Policy Coordinator within the Parliamentary Secretariat for LCs stated that this was most likely an administrative oversight. Cited in the report was the fact that 67 applications had been received and the funds allocated to the selected projects. This allocation of funds was consistent with that presented in the DLG record dated 24 November 2009 and reproduced in Table 19. The only exception noted in this respect was that relating to the submission made by the Munxar LC, which according to the document dated 24 November 2009, was to be awarded €5,000 yet was not indicated for funding in the report compiled by the Evaluation Committee. Queries addressed to the Policy Coordinator within the Parliamentary Secretariat for LCs regarding this omission were again explained as an administrative oversight.
- 3.6.22 In addition, the evaluation report indicated that the initiatives that did not receive grants were in fact eligible for funding under other schemes. Also specified was the period when events selected for funding were to be held. Finally, the NAO noted that, while the allocations to individual initiatives were in line with the established threshold of €10,000, the overall commitment of funds exceeded the budget of €250,000 by €27,500.

3.6.23 Despite the NAO's reference to the finalisation of the Evaluation Committee report as the conclusion of the adjudication process, this Office noted that agreements relating to the disbursement of funds under this scheme had been sent to LCs well in advance of the submission of the report to the DLG. By means of example, on 24 November 2009, the DLG received the signed grant agreement corresponding to the allocation made to the Qormi LC. Similarly, the grant agreement endorsed by the Munxar LC was submitted to the DLG on 11 December 2009.

3.7 Memo 48/2009: Fondi Speċjali

3.7.1 The DLG issued Memo 48/2009, titled Fondi Speċjali on 18 August 2009. To this end, LCs were invited to apply for the funding of projects or initiatives that fell within the competence of the council. Indicated in the Memo was a list of criteria that were to serve as guidance when applying for funding. The criteria were as follows:

- a. LCs were to apply for any type of project or initiative that supported sustainability;
- b. preference was to be given to projects or initiatives with an immediate start date. Therefore, if a permit from MEPA or any other competent authority had been obtained, applicants were requested to include a copy with the application form. Where the permit was still pending, the application reference was to be noted in the submission;
- c. a cost estimate was to be drawn up and included with the application form;
- d. preference was to be given to applications that fulfilled conditions (a), (b) and (c), and to LCs whose increase in budgetary allocation for 2009/2010, in comparison to the previous year's allocation, did not exceed 10 per cent. This did not imply that other LCs were not eligible to apply; and
- e. the fund for this scheme was that of €250,000 and each selected application was to be granted a maximum of 50 per cent of the expense of the project or initiative. Hence, the project or initiative was to be co-financed by the respective LC, which funds could have been obtained from other sources.

3.7.2 Applications were to be submitted by 15 September 2009. The NAO noted that no standard application form was appended to this Memo and interested applicants were to submit a letter of application enclosing therewith the relevant supporting documents.

3.7.3 The NAO noted that Memo 48/2009 was largely based on earlier correspondence sent by the PS LC on 16 August 2009. This correspondence, sent to the Director DLG, reflected that eventually presented in the Memo. Also indicated was that the LCA's views were to be sought once the draft Memo was prepared. No documentation with respect to the PS LC's proposal to elicit comments from the LCA was found on file despite queries raised with the Policy Coordinator within the Parliamentary Secretariat for LCs and an official within the Schemes Unit DLG.

3.7.4 This Office was unable to ascertain the composition of the Evaluation Committee tasked with adjudicating the applications received. The NAO was not provided with letters of appointment of members on the Committee, nor minutes corresponding to meetings possibly held. The only information sourced by this Office in this regard was based on working papers retained by the DLG. In this sense, the NAO established that the Secretary to the Committee was an official from the OPM. Information regarding the other members on the Committee was less clear and the Office inferred, based on correspondence reviewed, that the other members were the PS LC and the Policy Coordinator within the Parliamentary Secretariat for LCs. Attempts to establish the

composition of the Committee through queries raised with the PS LC, the Policy Coordinator and the DLG proved futile.

- 3.7.5 Documentation relating to the applications submitted was similarly lacking, with only one application retained on file. The NAO was constrained to rely on working papers noted on file and could not verify the accuracy or completeness of such data since the applications were not made available. According to these working papers, 49 LCs submitted 61 applications, with four applications received after the closing date. The NAO was unable to establish the total cost estimate of all projects applied for and the amount of funding requested under this scheme, as the information provided was incomplete. The only cost estimates indicated corresponded to 29 applications, which accounted for a total of €3,329,730.
- 3.7.6 The only documentation provided bearing an element of evaluation was correspondence dated 20 October 2009. In this context, an official from the Tourism and Sustainable Development Unit OPM stated that, further to a meeting with the PS LC, additional documentation was required from 26 LCs. The additional documentation required included project estimates and MEPA permits, as well as project plans. This Office noted that email correspondence to this effect was only traced with respect to 10 LCs, with most councils either submitting the required documentation or providing the MEPA reference number in cases where applications were pending. One of the LCs requested an extension for the submission of the project plan. No further information was found on this matter.
- 3.7.7 Aside from the above-cited correspondence, no other documentation regarding the evaluation process was made available to the NAO. Attempts at sourcing the evaluation report proved futile, despite assertions made by the Policy Coordinator that such reports were always drawn up.
- 3.7.8 From the information made available to the NAO, it was noted that 19 LCs were selected for funding, with a total grant allocation amounting to €351,000 (Table 20 refers). No documentation was found on file indicating the basis for selection. Working papers reviewed by this Office indicated that the PS LC had approved the amounts that were to be allocated. However, the NAO was not provided with documentation of the approval granted by the PS. When queried on this point, the Policy Coordinator within the Parliamentary Secretariat for LCs stated that the selection of projects depended on the proposals submitted, their potential impact, the LC's budgetary allocation, and the availability of additional funding by the LC for the implementation of the project. She also stated that no marking system was employed and that funds were allocated according to the estimates forwarded by the LCs. Notwithstanding the explanations provided, no supporting documentation was provided in support of these assertions. In sum, the NAO is of the opinion that the information made available was insufficient to the extent that it precluded this Office from establishing whether funds were fairly allocated.
- 3.7.9 The NAO noted that the total allocation of funds (€351,000) exceeded the budget indicated in Memo 48/2009 (€250,000). When queried on this point, the Policy Coordinator stated that verbal approval was sought from the Director DLG and the PS LC for the increase in the budgetary allocation. The Director DLG stated that whenever the PS LC requested increases in the funding allocated, his role would be to ensure that additional funds were available. The PS LC confirmed this understanding, stating that regular meetings were held with the Director DLG, wherein issues of this nature were addressed.

3.7.10 Moreover, this Office's attention was drawn to that stated in the Memo, that '... the local council of each selected application form was to be granted a maximum of 50 per cent of the expense of the project or initiative.' Despite this proviso, six projects were granted funds in excess of 50 per cent of the cost of the project. The discrepancies amounted to €9,598 and no justification was provided to this effect (Table 20 refers). Following queries raised in this respect, the Policy Coordinator indicated that allocations in excess of the stipulated 50 per cent threshold were due to the LCs' limited budgets.

Table 20: List of projects, cost estimate and allocated funds (Memo 48/2009)

LC	Project	Cost estimate (€)	Allocated funds (€)	Allocation higher than 50% of project cost (€)
Kerċem	Public garden	269,555	40,000	-
Żejtun	Child day centre	86,500	40,000	-
Naxxar	Street landscaping	56,797	28,000	-
Qala	Folklore museum	99,950	25,000	-
St Paul's Bay	Refurbishment of playing field	618,899	25,000	-
Żurrieq	Embellishment of streets	131,242	25,000	-
Mellieħa	Embellishment of a principal road	61,380	20,000	-
Pembroke	Street lighting	40,268	20,000	-
Valletta	Valletta marketing plan	46,000	20,000	-
Xewkija	Construction of public convenience	54,506	20,000	-
Għasri	Reconstruction of roads	21,096	15,000	4,452
Xagħra	New belvedere	29,569	15,000	216
Birkirkara	e-council	25,000	12,000	-
San Ġwann	Rehabilitation of Misraħ Lewża	24,244	12,000	-
Luqa	Rebuilding of a historic cross	17,325	9,000	337
Floriana	Floriana heritage trail	16,000	8,000	-
Safi	Nursery (football)	14,960	8,000	520
Fontana	Restoration of Għajn ta' Bendu	6,174	6,000	2,913
Ta' Xbiex	Recycling bins	3,680	3,000	1,160
Total		1,623,145	351,000	9,598

3.7.11 On 2 December 2009, during a ceremony for the award of funds, the selected LCs were presented with a letter of acceptance indicating the grant amount allocated. Also noted was the fact that the allocated funds were to be utilised in accordance with the terms set in the acceptance agreement. Here, LCs were obligated to expend the grant by June 2010 and the DLG reserved the right to monitor project progress and request invoices related thereto. This Office noted that not all acceptance agreements were retained on file.

3.7.12 Of interest were developments noted with respect to the grant awarded to the Luqa LC for the restoration of a historic cross. Following the application made to MEPA by the Luqa LC, the Gudja LC objected to this development on grounds that the site formed part of its locality. Despite efforts at mediation by the DLG, the LCs failed to reach agreement. As a result of this impasse, the Director DLG informed the Luqa LC on 19 January 2010 that the grant of €9,000 was being withdrawn.

Chapter 4

Schemes launched in 2010

Chapter 4 – Schemes launched in 2010

4.1 Memo 7/2010: Skema dwar Aċċessibilità Aħjar fil-Lokalitajiet

- 4.1.1 Memo 7/2010, issued on 7 January 2010, was aimed at improving accessibility within the administrative offices of LCs, other buildings owned or administered by the councils, as well as public spaces within the localities. A similar scheme had been implemented in 2009 through Memo 24/2009.
- 4.1.2 If applying for funds under this scheme, LCs that had benefitted from the 2009 scheme were required to submit a declaration stating whether the project had been completed and, if not, to indicate the stage of completion. If the project for which funds had been allocated under the 2009 scheme had not been completed at the time of submission of the 2010 application, then additional funds under Memo 7/2010 would be awarded only after due consideration of applications submitted by other LCs that had not benefitted from funding in 2009. Interested applicants were required to submit an application by 12 February 2010. The 2010 scheme intended to promote better accessibility within localities was allocated €100,000.
- 4.1.3 Detailed guidance notes, titled ‘Scheme to ensure better physical accessibility in localities in Malta and Gozo’, were appended to Memo 7/2010 and circulated among all LCs. These guidance notes, issued by the Parliamentary Secretariat for LCs, were intended to assist applicants interested in undertaking infrastructural changes for better accessibility to the LCs’ administrative offices and public spaces within the locality. These guidelines were drafted in line with other Government policy documents relating to the matter, namely, the ‘Malta Policy for Local Governance’, the ‘Strategy for Sustainable Localities Guidelines’ and the KNPD’s ‘Access for All Design Guidelines’.
- 4.1.4 The guidance notes outlined the selection criteria that were to be applied with respect to this scheme. To this end, a non-exhaustive list of possible eligible interventions considered as contributing to the betterment of accessibility to LC buildings and public spaces for persons with special needs was presented. This list included examples related to ensuring suitable means of entry, accessibility to outside areas, continuous unobstructed access routes and the availability of elevators.
- 4.1.5 Prospective applicants were also provided with a list of eligibility rules for the submission of applications under this scheme. The rules set indicated that:

- a. the application form was to be signed, dated and completed;
- b. proposed initiatives within the council's offices were to be clearly described;
- c. applicants were required to submit the expected initiation and completion dates;
- d. the signatories of the application were to be the mayor and the executive secretary of the LC;
- e. contact details of the signatories were required;
- f. signatories were to utilise the grant solely for the purpose for which it was granted; and
- g. prior to submission, applications were to be vetted and given clearance in writing by the KNPD.

4.1.6 Stipulated in the guidance notes was the fact that grants up to a maximum of €10,000 would be awarded to the LCs that best fulfilled the set criteria. Half of the allocated grant was to be transacted on completion of the project. This was subject to clearance from the KNPD, which was to be based on spot checks.

4.1.7 Guidelines on how the application form was to be completed were also provided. Applicants were instructed to complete the form in sufficient detail, particularly with respect to the aims of the project, the investments/benefits that were to accrue and the way in which the initiative related to the scheme's objectives. In terms of supporting documentation required in this regard, applicants were to submit an architect's plan of works. Additionally, the approval for the development to be undertaken was to be in accordance with the criteria established by MEPA and the 'Access for All Design Guidelines'.

4.1.8 Finally, the guidance notes outlined the evaluation and selection procedures that were to be implemented by the Evaluation Committee. Applications were to be vetted and assessed in accordance with the following criteria:

- a. affirmation that the application was appropriately completed, hence administratively compliant;
- b. verification that the project was eligible in accordance with the established criteria;
- c. the applicants' capability and achievement of the selection and eligibility criteria outlined; and
- d. an assessment of the quality of the proposed initiative in terms of the set criteria.

4.1.9 A template application form was appended to Memo 7/2010 and was forwarded to prospective applicants. Aside from general details regarding project coordination, applicants were to state the total eligible costs and the planned start date of the project. A summary of the proposed project was to be provided, together with an indication of the tangible results expected, as well as a breakdown of the costs involved. Applicants were to indicate whether the project was being submitted by a group of LCs and, in the affirmative, identify the participants.

4.1.10 No record regarding the appointment of members to the Evaluation Committee was noted in the DLG file. When queried on how the Evaluation Committee was appointed, an official within the Schemes Unit DLG stated that, in all cases, Committee members were appointed by the Parliamentary Secretariat for LCs or the OPM. The Policy Coordinator within the Parliamentary Secretariat for LCs would subsequently inform the members of their appointment. The DLG official added that Committees were normally composed of officials from the Secretariat and the DLG. The NAO reviewed minutes relating to the first meeting of the Committee held on 6 May 2010, wherein the Committee's composition was indicated. According to these minutes, the members on the Committee were the Director DLG, the Policy

Coordinator within the Parliamentary Secretariat for LCs, an official from the Malta-EU Steering & Action Committee (MEUSAC) and a representative of the KNPD. During this meeting, the Evaluation Committee assessed the applications that had already obtained KNPD approval. At that point, only six applications had been submitted with the required approval, three of which did not yet have the necessary MEPA permit. The Committee agreed to contact applicants in order to submit the missing information up to a specific deadline. However, the deadline for such submissions was not indicated in the minutes of this meeting. Although a second meeting was in fact scheduled, the NAO did not find documentation relating thereto in the relevant DLG file. Requests raised with the Secretariat and the Department to this effect were to no avail.

- 4.1.11 Notwithstanding this, the adjudication process undertaken with respect to this scheme was concluded on 25 November 2011, when the Evaluation Committee submitted its final report. This report was signed by all four members of the Evaluation Committee, namely, the Director DLG as Chair, the Policy Coordinator within the Parliamentary Secretariat for LCs, an official from the Schemes Unit DLG and a Committee Secretary. The NAO noted that the composition of the Committee as cited in the report differed to that indicated in the minutes of the meeting held on 6 May 2010. This Office also noted that a significant time lag had elapsed from the closing date for submission of applications (12 February 2010) to the date of the finalisation of the report. Despite queries put forward in this regard to the Secretariat and the DLG, the NAO was not provided with an explanation accounting for this delay.
- 4.1.12 General information relating to the rationale of the scheme was presented in the evaluation report; however, the NAO noted that the report indicated that approved projects were to be finalised within a twelve-month period commencing on the notification of award. This Office noted that this condition had not originally been indicated in Memo 7/2010 or the guidance notes attached therewith.
- 4.1.13 According to the evaluation report, 43 applications were submitted by 41 LCs, with the Senglea LC tendering three applications, hence accounting for this difference. Of the total applications submitted, the Committee selected 27. The evaluation report indicated that the aggregate funding corresponding to the 27 applications selected amounted to €190,600. The NAO noted that this figure was incorrect as the aggregate funding for the 27 submissions amounted to €194,934. This discrepancy resulted from the inadvertent omission of a grant of €4,334 to the Rabat (G) LC, which was included in the list of awards yet was not factored in the total amount allocated. The NAO noted that the overall award of funds exceeded that stipulated in the guidance notes issued with Memo 7/2010 by €93,334. The Memo had indicated that €100,000 had been allocated to this scheme. Although the total allocation exceeded the initial budget planned for this scheme, the funds awarded to each of the LCs selected were in accordance with the stipulated €10,000 threshold. When queried on whether approval for an increase in the budget was sought, the Policy Coordinator within the Parliamentary Secretariat for LCs stated that the verbal approval of the PS LC and Director DLG were obtained. The DLG official within the Schemes Unit corroborated this statement.
- 4.1.14 The projects selected for funding, together with the amount requested and that allocated by the Evaluation Committee, are presented in Table 21. According to the evaluation report, this information was updated as at 11 November 2011, that is, a few weeks prior to the date of the actual report.

Table 21: List of projects, amounts requested and allocated (Memo 7/2010)

LC	Project	Amount requested (€)	Amount allocated (€)
Valletta	Handrails along Triq it-Teatru l-Antik	18,000	10,000
Senglea	Vertical lift and construction alterations	19,000	10,000
Qormi	Physical accessibility in all public conveniences in Qormi	33,711	10,000
Żabbar	Żabbar Civic Centre - Access for All	53,200	10,000
Sigġiewi	New premises for the LC to be accessible to all	26,550	10,000
Attard	Installation of lift in the LC's premises	20,900	10,000
Kirkop	Installation of lift in the community care centre	25,000	10,000
Mġarr	Transformation of pavement leading to village square	19,366	10,000
Munxar	Installation of stair lift and lift to increase accessibility	28,600	10,000
San Lawrenz	Construction of a bridge to increase accessibility at Dwejra	20,000	10,000
St Paul's Bay	Accessibility to various pavements in the locality	30,000	10,000
Tarxien	Refurbishment of the public convenience for better accessibility	15,000	9,900
Marsascula	Better accessibility to public spaces	12,480	8,200
Mellieħa	Construction of a ramp to provide access to World War II shelters	12,275	8,100
Żejtun	Accessibility to San Girgor Public Garden	11,818	7,800
Għarb	Better accessibility to the school and LC office	13,000	7,000
Iklin	Reconstruction of LC offices for better accessibility	10,000	6,600
San Ġwann	Installation of ramped kerbs to assure accessibility for all	10,000	6,600
Xewkija	Accessibility to Ġnien il-Ħaddiem	9,853	6,500
Qrendi	Modification of kerb and installation of lift at LC office	11,000	4,800
Rabat (G)	Construction of ramp on church parvis	14,826	4,334
Naxxar	Construction of new ramped kerbs in pavements	5,400	3,500
Pembroke	Installation of play equipment for children with special needs	5,123	3,300
Fontana	Removal of dangerous pavement in Triq ta' Mulejja	4,469	2,900
Floriana	Alterations to the sanitary facilities in the centre for the elderly	3,389	2,200
Msida	Construction of 12 ramps around the Msida Parish Church	2,980	1,900
Birżebbuġa	Installation of play equipment for children with special needs	2,036	1,300
Senglea	Proposed sanitary facilities in Triq is-Sur/ Ġnien il-Gardjola	14,700	-
Senglea	Proposed sanitary facilities in Triq ix-Xatt Juan B Azopardo	19,500	-
Cospicua	Installation of dropped kerb, ramp and lift at LC office	-	-
Għajnsielem	Installation of new lift at the LC office	-	-
Għargħur	Accessibility features in the sanitary facilities in Triq San Ġwann	-	-
Għaxaq	Proposed sanitary facilities in a recreational area	-	-
Luqa	Accessibility for all at Ħal Farruġ garden	23,800	-
Marsa	Installation of lift in the offices of the LC	-	-
Mqabba	Building of ramp in the offices of the LC	-	-
Paola	Installation of new ramp to provide access to the regional library	-	-
Pietà	Installation of new lift in the LC's offices	-	-
Rabat (M)	Refurbishment of the LC's office to improve accessibility	14,700	-
St Julians	Construction of ramps at Balluta Bay	277,644	-
Sannat	Installation of a passenger lift and sanitary facilities at LC office	-	-
Xagħra	Repair and improvement of the wooden path at Ramla Bay	12,096	-
Żurrieq	Installation of a passenger lift in the offices of the LC	-	-
Total		800,416	194,934

Note:

1. Projects with missing information in the 'Amount requested (€)' and 'Amount allocated (€)' columns were presented in this manner in the DLG working documents provided to this Office.

- 4.1.15 Based on the working papers reviewed by the NAO, it was noted that 16 submissions were not selected for funding, of which six were considered ineligible by the Evaluation Committee while the other ten were deemed not applicable. In the latter case, projects that were submitted for funding in 2009 and again proposed under the 2010 scheme were not allocated funds as these had all been concluded in the interim, rendering the submission inapplicable. In the case of the projects deemed ineligible, there was no clear indication as to the basis of this decision. A similar shortcoming was noted in the evaluation report; therefore, this Office was unable to determine the reasons for ineligibility. Explanations provided in this respect by the Policy Coordinator within the Parliamentary Secretariat for LCs and the DLG official on the Committee focused on the possible failure by LCs to obtain KNPD approval or the required permits. In the case of the application submitted by the St Julians LC, this was rejected on the grounds that the project, intended to render Balluta Bay fully accessible, entailed a significant outlay. However, assertions made with regard to the rejected proposals were not substantiated by supporting documentation.
- 4.1.16 With regard to the projects deemed eligible, the NAO noted that the evaluation report listed 27 submissions, while the working document listed 24 proposals. Information relating to the submissions, presented in both documents, had been last updated on 11 November 2011. The discrepant applications were those submitted by the Senglea LC (regarding the installation of a vertical lift), the Għarb LC (regarding accessibility to the school and LC premises) and the Kirkop LC (regarding the installation of a lift within the locality's community care centre). The Office's main concern in this respect relates to the fact that no explanations were provided with regard to the change in the eligibility of these projects. When queried on this point, the Policy Coordinator within the Parliamentary Secretariat for LCs and an official within the Schemes Unit DLG stated that it was likely that these applications were initially submitted without the required permits, which permits may have been subsequently obtained in the adjudication stage, approximately two years later. However, the reasons put forward in this respect were not substantiated by relevant documentation, which rendered their verification impossible.
- 4.1.17 It is imperative to note that the NAO was not provided with copies of the applications and supporting documentation submitted by the LCs. Therefore, the NAO could not verify the workings of the Evaluation Committee through this alternative method of analysis.
- 4.1.18 The scheme was launched on 9 December 2011 at an event held at the Pietà LC, during which letters of acceptance were presented to the 27 LCs selected for funding. By means of this correspondence, the LCs were informed that their application had been accepted and were notified of the amount to be allocated. In its review of the letters of acceptance, the NAO noted that the LCs were also informed that funds were to be allocated on completion of the project and were subject to the submission of supporting documentation to the DLG. Supporting documentation consisted of invoices, fiscal receipts, payment schedules, reports on the work and photographs of the project. Furthermore, the LCs that were granted funding were informed that the projects were to be completed within one year from the date of the letter of acceptance. These two conditions (the reimbursement of funds and project completion timeframes) were inconsistent with that originally stipulated in Memo 7/2010. While the Memo did not provide for project completion timeframes, it stipulated that half of the funds were to be allocated on acceptance and the remainder on completion of the project. When queried on the project completion timeframes, the Policy Coordinator within the Parliamentary Secretariat for LCs and

the DLG official within the Schemes Unit stated that timeframes of one year were the norm, intended to restrict long implementation periods, and that extensions were often granted when requested.

- 4.1.19 Based on the documentation reviewed, the NAO established that rejection letters were sent to the LCs that were not successful in their submissions. However, this Office was not provided with three rejection letters corresponding to the Senglea and Għargħur LCs, and attempts to obtain them from the DLG and Secretariat officials proved futile.

4.2 Memo 10/2010: Skema dwar Proġetti ta' Energija Alternattiva

- 4.2.1 On 8 January 2010, Memo 10/2010 was issued with the aim of incentivising LCs to utilise renewable energy. These initiatives were intended to assist LCs in efforts to reduce energy costs while simultaneously serving as a case of best practice to be adopted by residents through the implementation of similar initiatives. Initially, interested councils were to submit a letter by the end of January 2010 indicating the proposed projects and an approximate estimate of the costs involved. According to the Memo, submitted proposals were to be evaluated and shortlisted by an Evaluation Committee, whose members included an expert in the field of energy. After evaluation, the shortlisted applicants would then be required to submit further details about the proposed projects. The DLG budgeted €300,000 for this scheme, with a possible maximum allocation of €10,000 for every LC. When applying under Memo 10/2010, LCs that had not been awarded funds under a similar scheme issued in 2009 (Memo 38/2008) were to be given first preference. Second preference was to be given to LCs that had benefitted from the 2009 scheme and had either completed or were at an advanced stage in completing projects under this scheme.
- 4.2.2 Although Memo 10/2010 referred to the setting up of an Evaluation Committee, the NAO was neither provided with the letters of appointment of the members on the Committee, nor with the minutes relating to the meetings held despite requests to this effect. However, this Office reviewed evidence that indicated that meetings were in fact held. This was stated in the report prepared by the Evaluation Committee, where reference was made to an initial meeting held on 5 July 2010, as well as subsequent meetings held on 24 August 2010, 9 November 2010 and 14 December 2010.
- 4.2.3 Further to the above, the NAO obtained working papers indicative of the analytical work undertaken by the Committee in its review of the applications received. In essence, the Committee listed all submissions put forward by LCs and established whether these councils had benefitted from funds under the 2009 scheme and ascertained progress registered in this respect. According to these working papers, 50 LCs submitted 74 project applications. The total cost of the projects applied for amounted to €760,231. Based on information submitted to the Evaluation Committee, the projects were to result in 305,146 kWh/year savings in terms of alternative energy produced or energy not consumed.
- 4.2.4 Moreover, the working papers reviewed by the NAO indicated the project submissions that were favourably considered by the Evaluation Committee, or otherwise. In total, 33 applications were accepted and 41 were rejected funding. The allocation earmarked with respect to the accepted applications was of €189,900. The funds allocated to each LC were to be based on the lowest of three options, equivalent to: 80 per cent of the project cost, a maximum of €10,000, or estimated savings based

on €0.075/kWh saved over the lifespan of the project. The NAO noted that this system was applied fairly across all submissions, effectively representing a logical basis for the allocation of funds. The justifications cited for projects not selected for funding were: that only one project per LC could be considered, excessive costs, that projects were outside of the scope of the scheme, and issues of devolution. The NAO noted that while the latter three concerns were valid, the one project per LC justification was not in line with Memo 10/2010, which stipulated no such limit.

- 4.2.5 The Evaluation Committee presented its report on 7 March 2011. It is at this point that the NAO established that the Committee was composed of the Policy Coordinator within the Parliamentary Secretariat for LCs as Chair, an Assistant Director DLG, an official from the MRA and an official from the DLG as members. Another DLG official assisted the Committee in the capacity of Secretary.
- 4.2.6 According to the Evaluation Committee report, 65 applications were received, five of which were received late. Nonetheless, the Committee indicated that these applications were to be considered. The NAO noted that the number of applications received, as stated in the Committee's report (65), differed to that stated in previous working papers (74). When queried on this anomaly, the Policy Coordinator within the Parliamentary Secretariat for LCs and an officer within the Schemes Unit DLG stated that the documentation indicating 74 applications was the most updated. On further review of the documentation, the NAO established that the discrepancy corresponded to applications submitted by the Balzan, Marsascale (2), Mġarr, San Ġwann, Santa Lucija, Valletta, Xewkija and Żejtun LCs. Certain instances of discrepancy could be understood by the NAO, such as the case of the Żejtun LC. Here the LC submitted two separate applications for the installation of a solar water heater and PV panels on its premises; however, the Evaluation Committee considered this submission as constituting one application. On the other hand, the other cases were less straightforward, with no explanation documented as to why these were not considered in the evaluation report.
- 4.2.7 The 65 applications acknowledged by the Evaluation Committee are presented in Table 22. The total estimated cost of these projects amounted to €718,380. This total does not include five projects, where the estimated cost was not specified. As indicated in the evaluation report, subsequent to the initial meeting of the Committee held on 5 July 2010, a number of applications were shortlisted. The shortlisting process was based on the anticipated outcome of the proposed projects. In cases where the expected outcome was considered favourable, LCs were requested to submit additional information.
- 4.2.8 Cited in the Evaluation Committee report was the fact that a number of meetings were held, following which, aggregate funds amounting to €188,900 were allocated to 32 projects. In addition, 35 projects were not selected for funding. The discrepancy in terms of the aforementioned 65 projects was attributed to the fact that the submissions by the Ħamrun and Santa Luċija LCs were considered as single applications, yet were each awarded funds under two separate projects. Projects selected for funding, as indicated in the evaluation report, largely reflected that determined in the working papers referred to in the preceding paragraphs. The only exception to this was an allocation of €1,000 to the Balzan LC, which was approved at working paper stage, yet was not included in the evaluation report.

Table 22: Applications acknowledged, project estimate and approved funding (Memo 10/2010)

LC	Project	Project estimate (€)	Approved funding (€)
Floriana	Replacement of lamps with LEDs at Triq Sant'Anna	42,960	10,000
Paola	PV panels at the LC offices	30,000	10,000
Valetta	PV panels at Ġnien Hastings	16,668	10,000
Tarxien	PV panels at the garden in Triq Santa Marija	12,000	8,500
Birżebbuġa	PV panels at the LC offices	10,530	8,400
Żejtun	PV panels at the LC offices	14,000	8,300
Dingli	PV panels at Ġnien il-Familja	11,000	8,300
Rabat (M)	PV panels at the LC offices	13,800	8,300
Xgħajra	PV panels at the LC offices	10,000	8,000
Mqabba	Installation of lighting systems at LC properties	9,572	7,700
Għargħur	PV panels at Ġnien il-Paċi and playing field	9,500	7,600
Cospicua	PV panels at the LC offices	9,976	7,500
Marsa	PV panels at the LC offices	9,976	7,500
Senglea	PV panels at Ġnien il-Gardjola	9,976	7,500
Xewkija	PV panels at the LC offices	9,000	7,200
Munxar	PV panels at the LC offices	12,500	6,700
Qala	PV panels at the LC offices	12,500	6,700
Għaxaq	PV panels at the LC offices	8,000	6,100
Mosta	PV panels at the Grawnd tal-Lgħajba	10,000	5,800
Fontana	PV panels at Għajn il-Kbira and Għajn ta' Bendu	10,500	5,600
Xagħra	PV panels at the LC offices	9,500	5,400
Balzan	PV panels at the LC offices	8,650	5,000
Ħamrun	PV panels at the LC offices	8,500	5,000
Mellieħa	PV panels at Ġnien Dun Anton Debono	7,000	3,300
Marsascala	PV panels at Ġnien Antoine Randich	4,800	3,100
Santa Luċija	Replacement of four lamps with LED floodlights	5,546	3,000
Naxxar	Double glazing at the LC offices	3,500	2,700
Santa Luċija ¹	PV panels at the five-a-side football pitch	2,154	1,700
Ħamrun ²	Solar water heater at the LC offices	1,500	1,200
Mġarr	Replacement of 45 bulbs with energy efficient ones	1,487	1,200
Żejtun	Solar water heater at the Ċentru Ħarsien tat-Tfal	1,235	1,000
Qormi	Solar water heater at the LC offices	700	600
Attard	PV-related project	15,698	-
Balzan ³	Installation of a solar water heater	1,200	-
Floriana	PV panels at the Ċentru Rekreattiv	60,000	-
Għarb	Energy efficient lighting	-	-
Għarb	Energy scheme for residents	-	-
Gudja	PV panels at Ġnien Raymond Caruana	25,000	-
Gżira	PV lamps in Pjazza Gerry Zammit	12,000	-
Iklin	PV panels	-	-
Kalkara	Action plan	3,700	-
Kerċem	Installation of PV lamps	11,000	-
Kirkop	PV lamps in Triq San Ġwann	10,000	-
Kirkop	Action plan	10,000	-

Msida	PV panels at the civic centre	9,500	-
Nadur	PV panels at Torri ta' Isopu	7,990	-
Naxxar	Wind turbine at the LC offices	10,000	-
Pembroke	Replacement of SON lamps with LED lamps	10,500	-
Pembroke	Action plan	5,000	-
Qormi	Installation of eight PV lamps at Triq il-Wied	15,000	-
Qormi	PV pelican lights	9,000	-
San Ġwann	Replacement of six lamps with energy efficient alternatives	14,400	-
San Ġwann	Public convenience to operate off grid	6,800	-
San Lawrenz	Assistance to residents for certification of systems	10,000	-
Senglea	PV panels for bastions	5,835	-
Siġġiewi	Replacement of 20 lamps with LEDs	20,000	-
Sliema	PV system	-	-
St Paul's Bay	Off-grid lighting at the Burmarrad playing field	6,678	-
St Paul's Bay	Off-grid lighting at Triq Porzjunkola, Qawra	16,243	-
St Paul's Bay	Off-grid lighting at Dawret in-Nawfraġju, Xemxija	44,970	-
St Paul's Bay	Public conveniences to operate off-grid	9,836	-
Swieqi	PV lamps	-	-
Xewkija ⁴	PV panels at the public convenience	6,000	-
Żabbar	Alternative energy service	21,000	-
Żebbuġ (M)	PV fountains in square	2,000	-
Żebbuġ (M)	PV-operated information panels at bus shelters	6,000	-
Żebbuġ (M)	PV supply for niches	6,000	-
Total		718,380	188,900

Notes:

1. The application submitted by the Santa Luċija LC for the installation of four lamps with LED floodlights and PV panels at the five-a-side football pitch was at times considered as one and at other times as two by the Evaluation Committee in its report.
2. The application submitted by the Ħamrun LC for the installation of PV panels and a solar water heater was at times considered as one and at other times as two by the Evaluation Committee in its report.
3. The Evaluation Committee acknowledged two applications out of the three submitted by the Balzan LC, one of which was selected for funding. The NAO was unable to determine which of the two applications refused funding was considered by the Committee. For purposes of completeness, the project that is not included in this Table related to an action plan.
4. The Evaluation Committee acknowledged two applications out of the three submitted by the Xewkija LC, one of which was selected for funding. The NAO was unable to determine which of the two applications refused funding was considered by the Committee. For purposes of completeness, the project that is not included in this Table related to an action plan.

4.2.9 The reasons for rejection cited in the evaluation report reflected that stated in the working papers reviewed by this Office and are presented hereunder:

- a. the cost of the project was deemed excessive when compared to its anticipated savings;
- b. the application corresponded to an embellishment rather than an energy saving project;
- c. the proposal was ineligible as per the terms set under the scheme;
- d. only one proposal per LC could be approved; and
- e. the project was poorly designed and therefore could not be assessed.

This rendered possible the attribution of the reasons for rejection to particular projects.

4.2.10 This Office reviewed the acceptance and rejection letters sent by the DLG following the conclusion of the selection process. Correspondence to this effect was sent to the LC involved on 21 March 2011. The NAO noted that the DLG submitted 73 letters of acceptance or rejection, which figure did not tally with the number of applications

received as stated in the evaluation report (65). This discrepancy related to that stated in paragraph 4.2.6, where this Office indicated the various applications that were recorded in the working papers, yet were not acknowledged in the Evaluation Committee report.

- 4.2.11 The LCs whose submission was selected for funding were requested to sign a grant agreement for each approved project. Copies of all the grant agreements entered into between the LCs and the DLG were reviewed by the NAO. The grant agreement set out the conditions that were to be adhered to by the LC in receipt of funding. According to the agreement, LCs were to indicate that the project was co-financed by the Parliamentary Secretariat in any material promoting the project and include the Secretariat's logo in promotional material. The LCs were to organise a press conference to launch the project.
- 4.2.12 Once the project was completed, LCs were to forward the following documents to the DLG in order for the payment of the grant to be effected:
- a. a statement of expenses incurred;
 - b. a copy of the call for tenders and tender documents;
 - c. a copy of the report published by the selection board appointed to adjudicate such tenders;
 - d. a copy of the acceptance letter sent to the selected bidder, including details of the specifications of the equipment to be installed;
 - e. in the case of installation of PV systems, a copy of the notification form sent to the MRA, or, in the case of other installations, certification by an engineer that the works had been completed;
 - f. if the project entailed the installation of equipment on property not owned by the LC, written consent from the owner of the property was to be obtained; and
 - g. with respect to the installation of PV systems, LCs were to forward to the DLG a declaration of the energy generated in kWh, while in the case of energy efficiency projects, the council was to forward an estimate of the energy saved in kWh prepared by the engineer (such submissions were to be sent to the DLG a year after the installation of the project equipment).

4.3 Memo 15/2010: Fondi Speċjali għal Lokalitajiet bi Bżonnijiet Speċjali

- 4.3.1 Memo 15/2010, issued on 18 January 2010, was sent to all LCs by the DLG. Through this scheme, funding was to be granted to LCs for responsibilities that fell within their direct remit, but for which the allocation of funds was inadequate since it was based on the number of residents and did not take into consideration seasonal or other fluctuations affecting the locality. Reference was made to potential projects involving waste collection and cleaning of the locality as eligible under this scheme, while roadworks were expressly excluded.
- 4.3.2 Stipulated in this Memo was that a fund of €500,000 was being allocated towards this scheme. Interested LCs were to submit an application form specifying the need that was to be addressed and justification for the request for additional funds. Councils were also required to forward a balance sheet and a statement of commitments not reflected in the balance sheet, duly endorsed by the Mayor and Executive Secretary. Additional information that was to be provided when submitting the application form included the income generated by the LC in the preceding three years, over and above the funds allocated by central government. The Memo also referred to the setting up of an Evaluation Committee that was to adjudicate all applications and

recommend the allocation of funds. The deadline for the submission of applications was 29 January 2010.

- 4.3.3 By the closing date, the DLG received 53 applications from 34 LCs. According to records retained by the DLG, 13 other applications, put forward by four LCs, were received on the closing date yet after the indicated time for submission. A further five applications were received after the closing date of 29 January 2010, with that submitted by the Mqabba LC on 2 February 2010, Mgarr LC on 5 February 2010, Qormi LC on 27 April 2010, Xgħajra LC on 2 March 2010 and that by the Marsaxlokk LC on 18 May 2010. The Evaluation Committee considered all late applications. In total, the 71 applications received from 42 LCs corresponded to a request for funding approximately equivalent to €3,358,000. The NAO was provided with copies of all applications submitted by the LCs with respect to Memo 15/2010, bar four applications, two relating to the Valletta LC as well as those of the Rabat (M) and Vittoriosa LCs. Of the 67 applications that were made available to this Office, it was noted that the Mellieħa, Siġġiewi, Vittoriosa and Żurrieq LCs did not specify the project estimate, although estimates relating to the submissions by the Siġġiewi and Żurrieq LCs were listed in the DLG working papers. In addition, six LCs did not submit their respective balance sheets, while 24 LCs did not include a statement of commitments. Furthermore, 15 LCs failed to indicate whether the council had generated any additional income during the previous three years.
- 4.3.4 In respect of the late application by the Xgħajra LC, the NAO noted correspondence between a DLG official, the Policy Coordinator within the Parliamentary Secretariat for LCs and the Mayor of Xgħajra. In this regard, the Xgħajra Mayor sent an email to the Director DLG on 2 March 2010, wherein a request for €11,000 in funding for waste collection was made. No reference to the particular scheme under which the request was made was specified in this correspondence. On 16 March 2010, the Xgħajra Mayor submitted further corresponding, wherein it was indicated that the Council required €20,000 in additional funding in respect of waste collection, grass trimming and the installation of surveillance cameras. Although the Policy Coordinator within the Parliamentary Secretariat for LCs proposed possible funding under Memo 27/2010, the DLG indicated that Memo 15/2010 would be more appropriate, which proposal was subsequently agreed to and the Council accordingly informed. This Office is of the opinion that requests for funding submitted in this manner were to be discouraged by the DLG and the Secretariat.
- 4.3.5 The NAO was not provided with documentation indicating the setting up of the Evaluation Committee and the appointment of members thereto. However, this Office ascertained that the Evaluation Committee was composed of the DG LG as Chair, the Policy Coordinator within the Parliamentary Secretariat for LCs and an Assistant Director DLG as members. An Assistant Principal DLG served as Secretary to the Committee. This information was obtained from the evaluation report.
- 4.3.6 The Evaluation Committee concluded its report on 26 July 2010. Although the NAO was not provided with the minutes corresponding to the meetings held by the Committee, the evaluation report indicated that a meeting was held on 26 May 2010. According to the report, out of the 71 submissions, 26 projects, corresponding to 25 LCs, were selected for funding, with the Birkirkara LC allocated funds for two projects. The Evaluation Committee report indicated that these 26 selected applications were awarded a total of €538,000 (Table 23 refers). The NAO noted that this allocation exceeded the original budget of €500,000.

Table 23: List of projects, project estimate and amount allocated (Memo 15/2010)

LC	Project	Project estimate (€)	Amount allocated (€)
St Paul's Bay	Additional cleaning	245,732	93,000
Valletta	Cleaning and waste collection	88,000	50,000
Munxar	Additional responsibilities due to increased tourists and residents	98,000	40,000
Żebbuġ (G)	Additional funds for the community	41,714	40,000
St Julians	Waste management	258,956	35,000
Sliema	Additional cleaning	80,000	30,000
Floriana	Operation of the LC	77,748	25,000
Marsa	Road cleaning	60,764	25,000
Cospicua	Locality cleaning	34,000	20,000
Paola	Upkeep of locality	70,000	20,000
Marsascala	Impact on services due to an increase in the resident population	34,941	16,000
Birżebbuġa	Mechanical cleaning	37,000	15,000
Msida	Sweeping of areas near schools	21,150	15,000
Qormi	Cleaning of sanitary facilities	26,000	15,000
Fontana	Commercial area	29,000	15,000
Xgħajra	Additional funds for operation	20,000	15,000
Birkirkara	Youth centre	10,000	10,000
Birkirkara	New litter bins	32,249	10,000
Marsaxlokk	Cleaning of seafront	n/a	10,000
Mellieħa	Cleaning of quay at Ċirkewwa	18,333	10,000
Senglea	Regular maintenance services	28,352	10,000
Nadur	Funds for the Spontaneous Carnival	5,500	5,000
Rabat (M)	Triq tal-Virtù	5,500	5,000
Mqabba	Efficient cleaning	4,175	4,000
Qala	Cleaning of Hondoq ir-Rummien	5,000	3,000
Kirkop	Cleaning	2,082	2,000
Birkirkara	Child care centre	114,373	0
Birkirkara	Installation of new billboards	35,000	0
Cospicua	Road maintenance and infrastructure	88,608	0
Dingli	Waste collection	23,750	0
Fontana	Traffic signs	1,000	0
Fontana	Pjazza l-Għejjun	15,000	0
Fontana	Insurance	2,000	0
Fontana	Maintenance of civic centre	2,000	0
Fontana	Maintenance of lighting system	864	0
Fontana	Commercial area	1,000	0
Fontana	Part-time clerk	11,600	0
Fontana	Railing maintenance	500	0
Għarb	Waste collection	10,000	0
Għarb	Civic centre	265,000	0
Għarb	Traffic management	10,000	0
Gudja	Administrative offices	100,000	0
Gżira	Cleaning	67,807	0
Iklin	Maintenance of signage	5,944	0

Kalkara	Upkeep of Rinella Bay	38,317	0
Marsa	Resurfacing of road in Triq is-Salib tal-Marsa	50,560	0
Marsa	Cleaning and sweeping near the horse racecourse	16,918	0
Mellieħa	Enforcement of laws	73,973	0
Mellieħa	Majjistral Park ta' Natura u Storja		
Mellieħa	Traffic congestion	20,000	0
Mellieħa	Vandalism in gardens and playing fields	8,120	0
Mġarr	Sanitary facilities at Ġnejna Bay and Fomm ir-Riħ	7,500	0
Msida	Cleaning of seafront	11,750	0
Naxxar	Landscaping in Triq in-Naħal	25,930	0
Pembroke	Waste collection	18,121	0
Qormi	Road maintenance and infrastructure	29,346	0
Qormi	Embellishment and maintenance of parks, gardens and soft areas	22,756	0
Rabat (M)	Upkeep of road leading to Baħrija	35,000	0
San Ġwann	Tipping fee for 2010	70,000	0
San Lawrenz	New building for administrative office	100,000	0
Sigġiewi	Civic centre	50,000	0
Swieqi	Cleaning and surveillance	43,339	0
Valletta	Cleaning of public convenience	n/a	0
Vittoriosa	Visual documentary about historical places	12,000	0
Vittoriosa	Electronic website for tourists	2,120	0
Vittoriosa	Introduction of a mini bus shuttle service	25,550	0
Vittoriosa	Construction of public convenience in Couvre Port	n/a	0
Vittoriosa	Cleaning	20,031	0
Xagħra	Cleaning of Wied ir-Ramla	542,645	0
Xewkija	Embellishment initiative in Triq tal-Ħorob	38,365	0
Żurrieq	Impact due to increase in the residents at the Ħal Far open centre	6,942	0
Total		3,357,925	538,000

4.3.7 This Office noted that the details provided in the Evaluation Committee report with regard to the vetting process were brief and did not clearly present the grounds on which certain applications were selected and others were not. The report merely stated that the selected applications adhered to all the criteria indicated in Memo 15/2010. The only information presented with respect to the proposals awarded funding appear to be the comments submitted by the LCs in their application without any critical input by the Committee aside from the amount allocated. On the other hand, the Evaluation Committee justified its decision to refuse to fund projects by stating that these applications either lacked the required permits or that funding should have been sourced from schemes that had already been issued earlier that year. The NAO deemed the limited information justifying the selection or otherwise, recorded by the Evaluation Committee, as a shortcoming of note, effectively rendering impossible the establishment of the basis for the allocation of funds.

4.3.8 Queries raised by the NAO in this respect remained inadequately addressed. The DG LG, in his capacity as the Chair of the Evaluation Committee, stated that the general idea was that a balance was maintained between one scheme and another and claimed that the Committee deemed an equitable geographical distribution of funding as important. Furthermore, the Policy Coordinator within the Parliamentary Secretariat for LCs stated that the projects were discussed during Committee

meetings and if the grounds for acceptance or rejection were not recorded in the minutes, then it was unlikely that these were recorded at all. On the other hand, the DLG officer on the Evaluation Committee stated that LCs were not granted funding when the criteria specified in the Memo were not adhered to, yet failed to provide any documentation indicating the criteria that were established and how these were applied to the proposals reviewed.

- 4.3.9 The NAO noted that the amount requested by the Marsaxlokk LC was not specified in the report; however, this LC was awarded funding of €10,000 for the cleaning of the promenade on Sundays. According to that reproduced in the evaluation report, the Marsaxlokk LC had such cleaning services subcontracted until September 2010, for an annual fee of €15,296. In correspondence submitted by the LC to the DLG on 18 May 2010, following a meeting held with the PS LC, the Council indicated that it anticipated higher costs when a new contract was to be entered into. Furthermore, the Council indicated that there was no specific allocation for this expense and that no fees were levied on market stallholders to subsidise such a disbursement.
- 4.3.10 Letters of acceptance were sent to the 25 LCs granted funds under this scheme. Indicated in this correspondence were the project that was to be financed and the amount of funds granted in this respect. Furthermore, the letters of acceptance stipulated two other grant conditions that were not originally specified in Memo 15/2010. The first condition was that services were to be rendered by end December 2010. The second condition was that half of the allocation was to be made upfront (with a cheque equivalent to 50 per cent of the grant appended to the letter of acceptance) and the remaining balance paid on presentation of the invoices indicating the rendering of services. The letters of acceptance were dated 21 June 2010, which therefore predated the Evaluation Committee report finalised on 26 July 2010.
- 4.3.11 Following the notification that €8,000 had been granted to the Marsascale LC, the Executive Secretary replied to the DLG on 22 June 2010, wherein additional funds were requested to address the increase in the locality's population during the summer months. Also stated in this correspondence was that the allocated funding amount had decreased when compared to that of previous years. Furthermore, the Executive Secretary Marsascale LC stated that the requested funding amount included more services than in previous years, citing an increase in bulky refuse collection and additional expenses for the cleaning of public conveniences. In response, on 26 July 2010, the DLG informed the Marsascale LC that the Evaluation Committee had approved an increase of €8,000 in funding, thereby raising the grant allocation to €16,000.
- 4.3.12 The NAO also noted that records corresponding to the 44 letters of rejection were forwarded to the corresponding LCs on 21 June 2010. This Office noted that one of the letters of rejection that was to be sent to the Fontana LC, regarding the upkeep of a designated commercial area within the locality, was not on file and could not be traced by the DLG despite requests to this effect.
- 4.3.13 The Vittoriosa Mayor sent correspondence to the DLG on 25 June 2010, stating that while the LC had applied for five projects in relation to Memo 15/2010, none of the projects were selected for funding. He requested further information regarding the outcome of the selection process, specifically enquiring about the criteria applied by the Evaluation Committee. Furthermore, the Mayor Vittoriosa LC queried which schemes better suited the applications proposed by the Council. The DG LG replied

to the matter raised on 25 August 2010, wherein the Department reiterated that the proposals put forward were not in line with the criteria indicated in Memo 15/2010. Moreover, reference was made to the possibility of applying for co-financing under EU funds for projects relating to tourism. Finally, the Vittoriosa LC was informed that the project relating to the construction of a public convenience could possibly benefit from funding under accessibility-related schemes when this project drew nearer to completion.

4.4 Memo 18/2010: Skema ta' Finanzjament għal Lokalitajiet Sostenibbli

- 4.4.1 Memo 18/2010 was issued by the DLG on 19 January 2010 and made reference to Memo 90/2009, dated 31 December 2009, wherein a number of funding schemes for LCs that were to be launched in 2010 were listed. Included in this list was a fund aimed at promoting sustainable development within localities across Malta and Gozo, which was eventually formalised through the issue of Memo 18/2010. To this end, two LCs were to be selected and granted €25,000 each. The funds were to be utilised for the drawing up of a strategic plan on sustainable development in their respective locality. Noted in Memo 18/2010 was the fact that the three LCs that had obtained funding for similar initiatives in 2009 were not eligible to apply for funds under the scheme rolled out in 2010. Reference was made to the premise that sustainability within localities was based on the integration of social, economic, environmental and cultural aspects, which was to result in a better quality of life for residents. Eligible LCs were to submit an application by 15 March 2010.
- 4.4.2 A document, titled 'Guidelines for the undertaking of research on sustainable development strategies within localities' and appended to Memo 18/2010, was also forwarded to all LCs. The guidelines reflected Government's policy objectives on the subject matter, particularly as captured in the 'Malta Policy for Local Governance', the adoption of the 'National Strategy for Sustainable Development' and the United Nations 'Agenda 21'. In the guidance document, it was reiterated that the total funding available was that of €50,000 and no more than two LCs were to benefit from the scheme. The primary aim of the document was to serve as a guidance tool for LCs in formulating strategies key in the promotion of sustainable development initiatives.
- 4.4.3 As noted in the guidance document, the adoption of a strategy for local sustainable development was to cover policy areas such as energy, the environment, transport, culture, the economy, social inclusion, urban conservation and regeneration, as well as waste management. Decisions and actions proposed in local sustainable development strategies were to correspond to local and national plans. Apart from efforts intended at improving their locality, LCs were to incorporate social aspects as part of their strategy, thereby including social values, customs and traditions that characterised the local identity.
- 4.4.4 The eligibility criteria outlined in the guidance document consisted of a list of initiatives deemed as suitable interventions. These initiatives were to provide positive socio-economic impacts and included the upgrade of the physical environment as well as the provision of modern infrastructure. Other interventions deemed consistent with the objectives of this scheme entailed the regeneration and utilisation of local infrastructural assets as well as the better usage of public open spaces for recreational purposes.

- 4.4.5 The rules governing the eligibility for the submission of proposals were also outlined in the guidance notes. These entailed that:
- a. the application form was to be signed, dated and completed;
 - b. proposals were to provide a detailed description of the studies to be undertaken and accompanied by qualitative supporting documents highlighting the type of research to be undertaken, the experts that were to be/were being consulted for the undertaking of the project, anticipated costs, a description of the working group that was to be involved in the undertaking of the proposed study, as well as the consultation process with relevant local stakeholders;
 - c. applicants were required to submit the date/s of the initiation of the study;
 - d. a detailed outline of the budget to be allocated for the implementation of the proposed initiative was to be included;
 - e. the signatory of the application form was to be the Mayor of the respective LC;
 - f. previous experience in the implementation of projects and the proper management of budgets was to be considered an asset; and
 - g. the eligibility period for the undertaking of the initiatives under the proposed sustainable development strategy was 2010.
- 4.4.6 Other procedure-related information specified in the guidance notes indicated that supporting documentation, namely, the implementation process for research and a budget plan was to be submitted with the application. It was noted that failure to submit any of the requested documentation could render the application ineligible for funding and that late submissions would not be considered.
- 4.4.7 Following the review of documentation provided by the DLG, the NAO was not provided with the letters of appointment of the members that were to form the Evaluation Committee. However, this Office did establish the composition of the Committee through its evaluation report, which was composed of an official from the Parliamentary Secretariat for LCs as Chair, an Assistant Director DLG, an official from MEUSAC and a DLG official as Secretary.
- 4.4.8 The NAO was not provided with any minutes of the meetings held by the Evaluation Committee. Documents obtained in this regard were the Evaluation Committee report, dated 29 April 2010, the applications submitted by the LCs, and a database listing the salient details relating to the applications received as well as the funds allocated. Although the database was updated as at 3 May 2010, the NAO noted no differences, in terms of projects evaluated and funds allocated, between this working paper and the evaluation report. The only discrepancy identified related to the submissions by the Birżebbuġa and St Paul's Bay LCs, which were recorded in the DLG working papers as not having supplied the project estimate. However, the NAO noted that the corresponding amounts were cited in the application forms reviewed by this Office. In fact, the Birżebbuġa LC had provided an estimate of €26,550, while the St Paul's Bay LC had indicated that the project applied for was to amount to €25,000. Of concern to the NAO was the fact that this oversight may have adversely conditioned the outcome of the adjudication of these two submissions.
- 4.4.9 A total of 22 applications were submitted, of which 21 were received by the stipulated closing date, that is, 15 March 2010. These 21 applications were submitted by 20 LCs, while the remaining application was submitted by a consortium on 16 April 2010. The Kirkop LC submitted two applications, while seven LCs and St Theresa College jointly submitted one application. This Office noted that the estimated cost relating to the proposals submitted by the Marsa, Marsascala, Pembroke, and Senglea LCs

were not provided. The estimated cost of the remaining 18 proposals amounted to €3,734,829. It must be noted that the application submitted by the Xagħra LC accounted for €3,349,955 of the total funding requested. Furthermore, according to the Committee's working papers, the proposal put forward by the consortium was classified as a late application, yet was considered as a valid submission.

- 4.4.10 From the 22 applications submitted, eight were selected for funding. According to that cited in the evaluation report, the applications that were to receive funds fulfilled the eligibility criteria listed in the guidance notes. One of the applications granted funds under Memo 18/2010 was that put forward by the consortium. The seven LCs and the consortium were each to be granted an allocation of €20,000, thereby resulting in an overall disbursement of €160,000. The NAO noted that this differed significantly to that originally envisaged in Memo 18/2010, wherein the total allocation budgeted was that of €50,000, which was to be divided between two LCs. Justification regarding this departure was not cited in any documentation reviewed by the NAO. When queried about this change, an officer within the Schemes Unit DLG, who was a member of the Evaluation Committee, stated that a number of LCs had put forward valid proposals and the DLG had allocated additional funds to the Evaluation Committee in this respect. On the other hand, the Policy Coordinator within the Parliamentary Secretariat for LCs stated that if the DLG had the required funding available, approval would be sought from the PS LC for an increase in the allocation of grants. The PS LC confirmed both viewpoints, stating that the need for long-term development plans, the numerous valid applications received and the positive outcome of a similar earlier scheme justified the increase in funding. The other applications were not granted funds as projects put forward related to other schemes and not to the formulation of strategic plans for the sustainable development of localities.
- 4.4.11 Table 24 presents an outline of the applications submitted to the DLG in respect of Memo 18/2010, highlighting the amounts requested by LCs and the allocations made by the Evaluation Committee.
- 4.4.12 The NAO noted that no grants were awarded to LCs that failed to indicate the amount of funds requested. This decision by the Evaluation Committee was deemed reasonable by the NAO. However, the Committee may have incorrectly rejected the submissions made by the Birżebbuġa and St Paul's Bay LCs due to an administrative oversight. Also deemed reasonable was the Committee's decision to rule out the application submitted by the Xagħra and Mqabba LCs. Although the NAO did not have access to the application submitted by the Xagħra LC, the amount requested was far in excess of the available budget. In the case of the Mqabba LC application, this was rejected because it focused on the implementation of a particular project rather than the formulation of a strategic plan on the matter.
- 4.4.13 Reasons for the rejection of other applications were less straightforward. For example, the submission by the Vittoriosa LC was deemed by the NAO as tenuously related to the objectives specified in Memo 18/2010. The Evaluation Committee's failure to document its reasoning on the matter limits the NAO's analysis in this respect. Another case in point was that of the submission put forward by the Mgarr LC, which proposal entailed a study relating to the devising of a sustainable waste management strategy. When queried on this case, the Policy Coordinator within the Parliamentary Secretariat for LCs and an officer within the Schemes Unit DLG stated that the application was solely related to waste management, while other applications that were accepted had addressed waste management and energy generation.

Table 24: List of projects, project estimate and amount allocated (Memo 18/2010)

LC	Project	Project estimate (€)	Amount allocated (€)
Consortium A ¹	Minn Barra sa Ġewwa - Komunità Waħda Favur Stili ta' Ħajja Sana	20,088	20,000
Għajnsielem	New Waste Management and Energy Generation Approaches	25,000	20,000
Għarb	Alternative Methods/Approaches to Waste Reduction/Energy/Living	25,000	20,000
Kalkara	A Holistic Sustainable Village Known for Building Boats	25,000	20,000
Kirkop	A Sustainable Future and a Sustainable Community	25,976	20,000
Mellieħa	Holistic Sustainability for Mellieħa	24,500	20,000
Rabat (M)	Intertwining History with a Sustainable Future	25,000	20,000
Żejtun	Creating Work Opportunities, Addressing Youth Underachievement, Ageing, Waste and Energy Challenges	25,000	20,000
Birżebbuġa	Regeneration of the Birżebbuġa Coastal Area	26,550	-
Floriana	Promoting Outdoor Spaces for Residents and Visitors	24,500	-
Għaxaq	Study of Generation of Energy through PV Panels for Street Lighting	25,000	-
Kirkop	Exploring the use of PV Panels for Street Lighting	20,600	-
Marsa	Social Inclusion through the Elimination of Language Barriers	n/a	-
Marsascala	An Environmentally Sustainable Development Strategy	n/a	-
Mġarr	Research Studies towards a Sustainable Waste Management Strategy	26,000	-
Mqabba	A Sustainable Locality in Alternative Renewable Energy	24,960	-
Pembroke	More Separation of Waste at our Home	n/a	-
Qrendi	Preparation of a Sustainable Energy Action Plan for the Locality	3,700	-
Senglea	Heritage Trail	n/a	-
St Paul's Bay	Children Designing Tangible and Wearable Computing	25,000	-
Vittoriosa	The Establishment of a Food and Artisan Market	13,000	-
Xagħra	Xagħra Stormwater Master Plan	3,349,955	-
Total		3,734,829	160,000

Note:

1. Consortium A was composed of the Balzan, Birkirkara, Ilkin, Lija, Msida, Santa Venera and Ta' Xbiex LCs together with St Theresa College.

4.4.14 Notwithstanding that reported in the preceding paragraphs, the NAO noted that correspondence sent by the Chair Evaluation Committee to its members on 26 April 2010, copied to the PS LC, Head MEUSAC and DG LG, provided further information regarding the process of selection. Cited in this correspondence was that, *'The Secretariat would like to finalise the evaluation process for this year's Sustainable Localities Scheme which has already gone through the first phase whereby eight applications out of 22 were selected to be allocated funds...our next step is to go through the selected applications to draft a report to finalise this process.'* This clearly contrasts that stated in the evaluation report, *'Il-Bord iltaqa' nhar il-Ħamis 29 ta' April 2010 sabiex jiġu evalwati l-applikazzjonijiet imsemmija hawn fuq. Wara li l-Bord analizza l-applikazzjonijiet kollha, iddeċieda li...'*⁶ The NAO's concern was drawn to these contrasting accounts of events, and given that the Committee met on 29 April 2010, this Office questions who selected the applications that were to be allocated funds prior to this date, as reflected in correspondence sent on 26 April 2010.

4.4.15 Acceptance letters, signed by the PS LC, were sent to the LCs whose proposals were selected on 3 May 2010. Cited in this correspondence was the amount of funds that was to be allocated. Further to the correspondence sent by PS LC, another letter, signed by the DG LG was sent to the selected LCs on 7 May 2010. Appended to this

⁶ The Evaluation Committee met on Thursday, 29 April 2010 to evaluate the above-cited applications. After the Committee analysed all applications, it was decided that...

letter was a copy of the acceptance agreement. Mayors and Executive Secretaries were directed to sign the acceptance agreement and forward it to the DLG by 14 May 2010. This agreement was subsequently also signed by the DG LG. Five of the selected LCs were forwarded a cheque of €10,000 and a copy of their respective signed acceptance agreement during a ceremony held on 24 May 2010, whereas two LCs were forwarded this letter and a copy of their respective signed acceptance agreement during another ceremony held on 3 June 2010. On the other hand, correspondence sent by the DG LG to the consortium on 9 June 2010 indicated that the DLG was to deposit €10,000 in a bank account that St Theresa College had opened specifically for the purpose of this project. The remaining balance with respect to all projects was to be settled on finalisation.

4.4.16 Five requirements were listed in the acceptance agreement, namely that:

- a. the LC/consortium agreed to finalise the report;
- b. the report was to be completed by 30 March 2011;
- c. by the same date, the LC/consortium was to submit a copy of the final report, as well as the related fiscal receipts;
- d. the LC/consortium was to declare that it was receiving the amount of €20,000 from the DLG for the purpose of this report; and
- e. the DLG reserved the right to withdraw the amount from the financial allocation if the LC/consortium did not abide by the conditions stipulated in the agreement.

4.4.17 The rejection letters were sent on 7 May 2010. These letters only stated that the respective LC was not selected and no explanation was cited in this regard; however, the LCs were informed that the DLG planned to reissue this scheme in 2011. When queried on the reason for the lack of detail in the rejection letter, the Policy Coordinator within the Parliamentary Secretariat for LCs stated that the Evaluation Committee never included explanations in the rejection letters and that LCs were provided with feedback on the reason for rejection whenever it was requested. The Policy Coordinator also stated that this procedure was adopted due to time constraints arising from the number of applications received. On the other hand, the DLG officer who was a member on the Evaluation Committee reiterated the point made by the Policy Coordinator and stated that the DLG met with LCs on various occasions to explain why an application was rejected.

4.4.18 Based on documentation reviewed, the Għaxaq and Marsascala LCs requested further clarifications regarding their rejected applications. In reply, the DG LG noted that the applications by these LCs were too narrow in scope, focusing solely on environmental strategy and alternative energy initiatives, respectively. The DG LG stated that while such studies were beneficial, aspects of a social, cultural, and economic nature were not considered in these proposals.

4.5 Memo 21/2010: Skema ta' Finanzjament għal Restawr ta' Postijiet Storiċi Żgħar

4.5.1 Memo 21/2010, dated 25 January 2010, presented the launch of a scheme intended at providing financing for the restoration of small historical places in various localities. This Memo made reference to Memo 90/2009, dated 31 December 2009, wherein a number of funding schemes for LCs that were to be launched in 2010 were listed. Included in this list was the fund eventually launched in January 2010. In Memo 90/2009, specific reference was made to the restoration of small historical places such as niches, statues and water sources. Stated in this Memo was the consideration that it was not possible for central government or other national

authorities to undertake such restoration and it was in this sense that responsibility for such undertakings was assigned to LCs.

4.5.2 Memo 21/2010 noted that one of the functions of an LC, as listed in Article 33(1)(n) of the Local Councils Act (Chapter 363) was to, '*safeguard local identity and for this purpose take the necessary initiatives to safeguard the local historical and cultural heritage, traditions and folklore*'. In this context, the requirements that were to be satisfied in applications by LCs for this scheme entailed the:

- a. submission of an application letter;
- b. specification of the required type of restoration;
- c. submission of site photographs;
- d. disclosure of who was making use of the site and who the property belonged to;
- e. disclosure of whether the LC held the title of ownership of the site; and
- f. provision of an estimate of the cost of the restoration project.

4.5.3 Furthermore, the Memo specified that additional details could be requested in respect of the shortlisted projects and that ten projects were to be chosen for 2010. Applications were to be submitted until 19 February 2010. The NAO noted that the Memo did not specify the budget allocated for the funding of such projects and the threshold in terms of the amount of funds available for each accepted proposal. When queried on whether a budget was in fact determined, the Policy Coordinator within the Parliamentary Secretariat for LCs and an official within the Schemes Unit DLG asserted that such an allocation had been set yet not communicated to LCs; however, no supporting documentation substantiating these claims was made available. On a per allocation basis, the Policy Coordinator and the DLG official stated that no threshold was specified with respect to grants afforded to each selected project or successful LC.

4.5.4 The application forms submitted by the LCs were not made available to the NAO. However, based on the working papers retained by the DLG, the Department received 51 applications, six of which were not submitted on time. These six applications corresponded to the Lija, Pembroke, Pietà, Qrendi, St Julians and Żejtun LCs. Although a copy of the applications could not be traced by the DLG, this working paper provided details with respect to the proposed project, cost estimates and an indication of who owned the property on which restoration works were to be carried out. According to this working paper, the estimated cost of the projects applied for amounted to €3,397,814. However, it must be noted that the project estimate of the submission made by the Qrendi LC was not available, while not all the estimates corresponding to the various proposals put forward by the St Paul's Bay LC were traced. Aside from this limitation, the NAO noted that a number of applications indicated cost estimates exclusive of VAT, while others were inclusive of VAT. Where possible, the NAO factored in the VAT component; however, the limited documentation constrained this Office in establishing whether the estimate put forward in the submissions made by the 29 LCs was inclusive or exclusive of VAT. Finally, of note was the fact that the projects put forward by the Għarb LC amounted to €921,899. These accounted for 27 per cent of the total value of submitted proposals and significantly inflated the aggregate estimate of the submissions.

4.5.5 The NAO was not provided with the letters of appointment of the members of the Evaluation Committee. This Office did establish the composition of the Committee through its evaluation report. In this sense, the Evaluation Committee was composed of the DG LG as Chair, the Policy Coordinator within the Parliamentary Secretariat for

LCs and an official within the Schemes Unit DLG as members, as well as another DLG official as Secretary to the Committee.

- 4.5.6 The evaluation report corresponding to Memo 21/2010, dated 8 June 2010, was duly signed by all members of the Evaluation Committee. Stated in the report was the fact that by the scheme's closing date, 51 applications had been sent. The NAO noted that this statement was inconsistent with the information presented in other working papers retained by the DLG and referred to in paragraph 4.5.4. Specific reference is made to the fact that six applications had been submitted beyond the stipulated deadline. This Office could not verify the application forms submitted by these six LCs for reasons already cited and therefore, could not establish the accuracy, or otherwise of that stated in the evaluation report.
- 4.5.7 Furthermore, cited in the evaluation report was the assertion that the Committee had met on 26 May 2010 in order to evaluate the applications received. The NAO noted that no minutes corresponding to this meeting were retained on file or made available to it despite requests to this effect addressed to the DLG.
- 4.5.8 According to the evaluation report, funding was to be allocated to 21 LCs (Table 25 refers). The number of LCs that were selected for funding was in stark contrast with that specified in Memo 21/2010, wherein the DLG had indicated that it intended to limit its selection to ten projects. In this respect, funding approved by the Evaluation Committee amounted to €161,000 in aggregate. Although the number of applications presented in Table 25 does not tally with the 51 submissions cited, this is due to the splitting of applications by the NAO to reflect parts of projects that were awarded funds and others not selected for funding.

Table 25: List of projects, project estimate and approved funding (Memo 21/2010)

LC	Restoration projects	Project estimate (€)	Approved funding (€)
Kirkop	12 niches	25,000	15,000
Vittoriosa	Two niches	23,325	15,000
Qormi	Four statues	20,973	15,000
Valletta	Four niches and four statues	16,756	13,000
Marsascala	Three niches	18,180	12,000
Fgura	Four niches	13,800	10,000
Mosta ¹	Three niches and a statue	18,172	10,000
Nadur	A cross	12,000	10,000
Għarb	Eight niches and a cross	13,110	8,000
Rabat (G)	Four niches	16,000	8,000
Pieta ¹	Three niches and three statues	9,086	6,000
San Lawrenz	A niche	7,300	6,000
Dingli	Statue	8,781	5,000
Għargħur	Religious painting	6,000	5,000
Munxar	Five niches and a statue	6,060	5,000
Kerċem	A niche and a cross	5,662	4,000
Marsa ²	Five niches and a cross	4,260	4,000
Xagħra	Two niches	6,378	4,000
Attard	Altar and candlestick holders of a chapel	4,800	3,500
Mtarfa	Statue	2,000	1,500
Rabat (M)	A monument	1,320	1,000

Attard	A monument, shelter, the chapel of St Rocco and a train embankment	107,187	-
Birkirkara	A train wagon and underground reservoir	285,000	-
Birżebbuġa	A chapel	17,000	-
Cospicua	A shelter and church	97,973	-
Dingli	Għajn tal-Ħasselin	6,618	-
Fgura	A milestone, two monuments, two historical plaques, report on a shelter	22,800	-
Floriana	A monument	16,492	-
Fontana	Wall of Għajn tal-Ħasselin	6,177	-
Gudja	A low rubble wall and cross	14,000	-
Gżira	Gate	30,680	-
Għajnsielem	A monument	28,000	-
Għarb	Fountain/monument, arch, shelter, parish church facade and kerbs	921,899	-
Għargħur	World War II shelter	6,370	-
Lija	Cemetery and belvedere	116,820	-
Marsa	A water source and a shelter	2,006	-
Mellieħa	A defence post	31,956	-
Mosta	Two niches	7,552	-
Mqabba	Administrative office and hospital	17,500	-
Msida	Għajn tal-Ħasselin and church	84,175	-
Mtarfa	Clock tower, nuns' quarters, and isolation quarters	54,000	-
Munxar	Bridge	24,800	-
Nadur	Shelter	55,000	-
Pembroke	Clock tower	26,000	-
Qala	Embellishment of area near historic stone	3,100	-
Qrendi	Tower and statue pedestal	n/a	-
Rabat (M)	The path located on a church parvis	29,726	-
Safi	Public garden wall	22,000	-
San Ġwann	Underground flour mill and cart ruts	165,000	-
San Lawrenz	Report on the history, folklore, and architecture of the locality	10,000	-
Sannat	Shelter	6,970	-
Santa Luċija	Chapel	19,000	-
Senglea	Clock tower	155,092	-
Siġġiewi	Civic centre	75,000	-
Sliema	Arch and various works in a square	335,564	-
St Julians	Church	46,575	-
St Paul's Bay	Aqueduct, fountain, rubble wall, two shelters, two flour mills, chapel, tower	18,369 ³	-
Swieqi	Victoria Lines	100,000	-
Tarxien	Emblem and facade of the primary school	43,723	-
Xewkija	Mill	60,000	-
Żabbar	An arch	27,400	-
Żebbuġ (G)	Shelter	6,500	-
Żejtun	House	55,000	-
Total ⁴		3,397,987	161,000

Notes:

1. The estimate provided in the Evaluation Committee report in respect of the Mosta LC referred to all the projects applied for by this LC and was exclusive of VAT. However, according to working documents retained by the DLG and reviewed by this Office, not all the projects applied for were selected. The figures presented are inclusive of VAT.
2. The estimated cost of the Marsa LC selected projects was incorrectly cited in the Evaluation Committee report as €4,566.
3. The €18,369 cited with respect to the various projects submitted by the St Paul's Bay LC is in effect a partial total, as a number of projects submitted by this Council did not indicate a cost estimate.
4. The total project estimate cited in the evaluation report and in the working paper referred to in paragraph 4.5.4 do not tally due to minor discrepancies in the Kirkop and Qormi LC submissions.

- 4.5.9 The NAO noted that the details provided in the Evaluation Committee report with regard to the vetting process were brief and did not clearly present the grounds on which certain applications were selected and others were not. The report merely stated that the selected applications adhered to all the criteria indicated in Memo 21/2010 and that in view of the considerable number of applications received, the Committee decided to select the applications involving the restoration of niches, statues and crosses. The only information presented with respect to the proposals awarded funding appear to be the comments submitted by the LCs in their application without any critical input by the Committee aside from the amount allocated. On the other hand, the Evaluation Committee justified the refusal for funding by stating that such applications bore no relation to the restoration of niches, statues and crosses. The NAO deemed the limited information justifying selection, or otherwise, recorded by the Evaluation Committee as a shortcoming of note, rendering impossible the effective establishment of the basis for the allocation of funds. Moreover, it must be stated that the Committee's decision to restrict the award of funds to projects featuring the restoration of particular artefacts did not reflect that outlined in Memo 21/2010, where no such limitation was specified.
- 4.5.10 In view of these shortcomings, the NAO addressed queries to the Evaluation Committee. With specific reference to the Committee's decision to restrict grants to the restoration of niches, statues and crosses, the Chair could not recall specific details owing to the considerable lapse in time. According to the Policy Coordinator within the Parliamentary Secretariat for LCs, this limitation was set by the PS LC. On the other hand, the DLG official on the Committee averred that the idea was to prioritise small projects that could be implemented within a limited timeframe. The restoration of niches, statues and crosses fell within this understanding. Furthermore, the Policy Coordinator and the DLG official maintained that the projects were not prioritised due to their religious dimension, but because of their small-scale nature. The decision to limit funding in this respect was confirmed by the PS LC, who indicated to the NAO that numerous valid applications had been received, but could not be accepted as the available funds were limited. It is in this context that the PS LC provided direction to the Evaluation Committee to restrict funding to the restoration of niches, statues and crosses, claiming that this decision allowed for a wide allocation of funding and resulted in a positive visual impact.
- 4.5.11 The NAO reviewed the projects that were not selected for funding by referring to the information furnished in the DLG's working papers. From this review, it transpired that applications submitted by five LCs, which corresponded to two niches, four statues and one cross were not selected for funding even though they fell squarely within the criteria established by the Evaluation Committee. No justification to this end was recorded in the evaluation report; however, the NAO did source valid explanations from the Policy Coordinator and the DLG official on the Committee. In the case of the Fgura and Mosta LCs, the Policy Coordinator and the DLG official stated that these Councils had already secured funding with respect to other projects applied for under this scheme. The DLG official justified the rejection of the Gudja LC application by referring to a dispute between this Council and the Luqa LC, which remained unresolved (paragraph 3.7.12 refers). Furthermore, the DLG official noted that the proposed restoration works put forward by the Ghajnsielem LC corresponded to a site that was not deemed historical and was therefore ineligible. Finally, the Committee's decision not to award funds to the Floriana LC was justified by the fact that the site was the property of central government and not that of the LC.
- 4.5.12 This Office also undertook a similar analysis with regard to the projects that were selected for funding. It transpired that the selected proposals reflected the decision

taken by the Evaluation Committee to fund projects involving the restoration of niches, statues and crosses in all but two of the projects. These two projects referred to a painting of Our Lady of Divine Providence, submitted by the Għargħur LC, and the restoration of an altar and candlestick holders in St Paul's Chapel, submitted by the Attard LC. Further to queries put forward in this regard, the Policy Coordinator and the DLG official stated that the Committee had decided to fund these two projects since they were considered of historical and artistic value.

- 4.5.13 The NAO's attention was also drawn to the Pietà LC application, submitted well beyond the established deadline, yet selected for funding. The DLG official on the Committee was unable to recall any details relating to this application. On the other hand, the Policy Coordinator stated that, as a rule, late applications were not considered; however, in this case the late application submitted by the Pietà LC was awarded funds. Commenting on this case, the PS LC indicated that he could not rule out the possibility that his guidance had been sought by the Committee, yet he noted that he had always maintained that focus was to be directed at incentivising LCs to apply for funding rather than ensuring strict administrative compliance.
- 4.5.14 Following the finalisation of the selection process, the successful LCs were invited to attend a function during which grants payable to the beneficiaries were to be presented. An event was scheduled in Malta on 2 July 2010, while another was to be held in Gozo on 13 July 2010. Letters of acceptance, dated 2 July 2010, were sent to all LCs that were to receive funds with respect to Memo 21/2010. Appended to the letters of acceptance were the cheques corresponding to the full grant allocated to each LC.
- 4.5.15 Stated in the letters of acceptance was the fact that the allocation of funds was subject to two conditions. First, in cases where the restoration project did not fall under the responsibility of the LC a written agreement was to be entered into between the council and the proprietor of the site, which was to be submitted to the DLG. The second condition stipulated that restoration works were to be completed by 31 December 2010. Proof of completed works was to be forwarded to the DLG and was to include the certificate of works, photographs, as well as copies of invoices and fiscal receipts signed by the Executive Secretary. Furthermore, LCs were notified that if either of the conditions were not honoured within the specified timeframes, the DLG would withdraw the funds allocated under this scheme. In the NAO's opinion, it would have been more prudent for the DLG to allocate part of the funds on acceptance and the remainder on completion of the project, as was the case in other schemes.
- 4.5.16 The letters of rejection sent to the LCs that were unsuccessful in securing funding under this scheme were sent on 2 July 2010 in the case of LCs located in Malta and on 13 July 2010 for those located in Gozo. This letter informed the respective LCs that the Evaluation Committee had decided that their proposed project did not qualify to benefit from funding under this scheme, as it did not satisfy the established selection criteria. Following this correspondence, the Qrendi and Żabbar LCs each submitted to the DLG requests for explanations as to why their proposed projects were not selected. In the case of both LCs, the DLG indicated that due to the considerable amount of applications received for this scheme, the Evaluation Committee decided to select applications that related to the restoration of niches, statues and crosses. The two Councils were informed that their applications did not relate to this category of restoration projects.

4.6 Memo 27/2010: Skema ta' Finanzjament ta' Proġetti Speċjali f' Lokalitajiet Żgħir

- 4.6.1 Memo 27/2010 was issued by the DLG on 2 February 2010 and made reference to Memo 90/2009, dated 31 December 2009, wherein a number of funding schemes for LCs that were to be launched in 2010 were listed. Included in this list was a fund aimed specifically at encouraging councils in small localities, which had not benefitted from the revision in budgetary allocations to LCs, to undertake special projects that could not be financed through central government funding.
- 4.6.2 According to Memo 27/2010, LCs in localities with less than 5,000 residents and that had five councillors were eligible to apply. The Memo listed a number of criteria that applicants had to adhere to, namely that:
- a. the application, in the form of a letter, was to be signed by the mayor and executive secretary of the LC;
 - b. the proposed project fell under the direct responsibility of the LC, as stipulated in Article 33 of the Local Councils Act (Cap. 363), including the then recent amendments enacted thereto;
 - c. the application was to include a short description of the proposed project or initiative, an estimate of the costs involved and the anticipated start and completion dates of the project;
 - d. the LC was to be allocated a maximum of 50 per cent of the total cost of the project through this scheme; and
 - e. shortlisted applicants could be requested to provide further details regarding the project, such as maps and MEPA permits, among others.
- 4.6.3 It was envisaged that a minimum of 10, but not more than 15, projects would be selected for funding under this scheme. Memo 27/2010 also established the deadline for submission of applications as 26 February 2010.
- 4.6.4 The NAO was not provided with the letters of appointment of the members that were to form the Evaluation Committee. However, through the Committee's evaluation report, this Office established that it was composed of the DG LG as Chair, a Policy Coordinator within the Parliamentary Secretariat for LCs and a DLG official as members. Another DLG officer assisted the Committee as its Secretary.
- 4.6.5 Application forms submitted by the LCs were not made available to the NAO. However, based on the working papers retained by the DLG, by the closing date the Department received 33 applications from 26 LCs, with the Balzan (4), Dingli (3), Fontana (2) and Qrendi (2) LCs submitting multiple applications. Although a copy of the applications could not be traced by the DLG, this working paper provided details with respect to the proposed project, cost estimates and an indication of whether a MEPA permit was required in respect of the proposed project. According to this working paper, the estimated cost of the projects applied for amounted to €3,556,624. However, this amount did not include the projected costs of the embellishment works and the restoration of a war shelter that were to be undertaken in the village square by the Nadur LC. Presumably, these costs had not been indicated in the application submitted by the Council.
- 4.6.6 The evaluation report corresponding to Memo 27/2010, dated 11 May 2010, was duly signed by all members of the Evaluation Committee. Stated in the report was that by the scheme's closing date, 34 applications had been submitted by 27 LCs. The NAO noted that this was somewhat inconsistent with the information

presented in the other working papers retained by the DLG and referred to in the preceding paragraph, wherein it was indicated that 33 applications from 26 LCs had been received. The NAO noted that the disparity resulted from the inclusion of an application submitted by the Rabat (M) LC in the evaluation report, which was not indicated in other working documents. However, this was likely an error in the evaluation report as the Rabat (M) LC could hardly have applied for funds under a scheme applicable to localities with less than 5,000 residents.

4.6.7 Furthermore, cited in the evaluation report was the assertion that the Committee had met on 3 May 2010 in order to evaluate the applications received. The NAO noted that no minutes corresponding to this meeting were retained on file or made available despite requests to this effect addressed to the DLG.

4.6.8 According to the evaluation report, the Committee selected projects submitted by 14 LCs and approved funding amounting to €240,000. It must be noted that the Balzan LC was awarded funds for two projects, while funding in respect of the proposal submitted by the Xewkija LC was to be shared with the Sannat LC given their collaboration on the Wied ta' Mgarr ix-Xini Regional Park project (Table 26 refers).

Table 26: List of projects, project estimate and approved funding (Memo 27/2010)

LC	Project	Project estimate (€)	Approved funding (€)
Munxar	Playing field	163,002	40,000
Mtarfa	Reconstruction of swings	280,000	35,000
Kerċem	Construction of new garden	269,555	35,000
Għaxaq	Construction of garden and swings	74,905	20,000
San Lawrenz	Entrance to civic centre	30,000	15,000
Vittoriosa	Embellishment to public sanitary facilities	19,560	15,000
Xewkija ¹	Projects in Mgarr ix-Xini Bay	25,870	15,000
Fontana	Embellishment works at Trejqa ta' Wara d-Djar	16,947	12,000
Santa Luċija	Building of new public sanitary facilities in playing field area	25,870	12,000
Qala	Transformation of basement into a community hall	28,211	10,000
Kirkop	Embellishment through paving and installation of benches	15,000	9,000
Lija	Embellishment project of Transfiguration Avenue	15,400	9,000
Balzan	Installation of a gazebo in the playing field garden	13,610	6,000
Mqabba	Embellishment of garden known as Tal-Ġibjun	10,260	6,000
Balzan	Restoration of the statue of St Mary	1,500	1,000
Balzan	Installation of flag pole for council's flag in square	1,500	-
Balzan	Installation of bus shelters in square and Triq Gużé Bonnici	9,000	-
Dingli	Building of public garden	192,502	-
Dingli	Building of centre for arts and culture	94,453	-
Dingli	Extensive maintenance of Ġnien Misraħ il-Mafkar	106,835	-
Floriana	Improvements to football pitch at recreational centre	106,134	-
Fontana	Second phase of the civic centre	61,062	-
Għargħur	Reconstruct and embellish a garden in Triq Għaxqet l-Għajn	123,318	-
Nadur	Embellishment of St Peter and St Paul's Square	n/a	-
Pembroke	PV lighting system	33,750	-
Qrendi	Building of a new administrative office for council	190,000	-
Qrendi	Reconstruction of Triq is-Siġġiewi	280,000	-
Safi	Project in Misraħ San Ġużepp	55,387	-

Sannat	Public convenience at Mgarr ix-Xini Bay	54,506	-
Senglea	Upgrading of kerbs and paving at Xatt Juan B. Azopardo	94,763	-
Ta' Xbiex	Resurfacing of roads and maintenance of steps	92,000	-
Xagħra	Water culvert in Triq Marsalforn	1,052,724	-
Żebbuġ (G)	Laying of synthetic turf in primary school ground	19,000	-
Total		3,556,624	240,000

Note:

1. The €15,000 grant allocated to the Xewkija LC was to be shared with the Sannat LC.

- 4.6.9 This Office noted that the details provided in the Evaluation Committee report with regard to the vetting process were brief and did not clearly present the grounds on which certain applications were selected and others were not. The report merely stated that the selected applications adhered to all the criteria indicated in Memo 27/2010. The only information presented with respect to the proposals awarded funding appear to be the comments submitted by the LCs in their application without any critical input by the Committee aside from the amount allocated. On the other hand, the Evaluation Committee justified the refusal for funding by stating that such applications either lacked the required permits or that funding should have been sourced from schemes that had already been issued earlier that year. The NAO deemed the limited information justifying selection, or otherwise, recorded by the Evaluation Committee as a shortcoming of note, effectively rendering impossible the establishment of the basis for the allocation of funds.
- 4.6.10 The NAO noted that criterion (d) specified in Memo 24/2010, limiting allocations to 50 per cent of the project costs, was not adhered to with respect to six applications. Although the overallocation with respect to the Balzan, Kirkop, Lija and Mqabba LCs was immaterial, that to the Fontana and Vittoriosa LCs was not. The Fontana LC should have been allocated a grant of €8,474, yet was awarded €12,000. On the other hand, the Vittoriosa LC was allocated €15,000, when this should have been capped at €9,780. When queried on this matter, the Policy Coordinator within the Parliamentary Secretariat for LCs stated that these projects were likely to have been considered of value and unless large sums were allocated, the projects would not have been implemented. The Policy Coordinator also stated that a number of LCs were facing considerable expenses on other projects, such as road works. These LCs, therefore, required increased financial assistance in order to implement other projects. Although reasonable, this explanation does not justify the departure from the criteria established in the Memo.
- 4.6.11 Notwithstanding the report prepared by the Evaluation Committee, the NAO noted correspondence dated 15 March 2010 wherein the Policy Coordinator within the Parliamentary Secretariat for LCs informed the Secretary to the Committee and the Director DLG that the PS LC and herself had reviewed the applications and shortlisted those that were to be selected for funding. When queried on this matter, the Policy Coordinator stated that shortlisting at this stage was not carried out on a regular basis; however, the PS LC would at times review applications prior to the Evaluation Committee's meetings. The Policy Coordinator also stated that since this scheme was aimed at addressing the LCs' needs and the PS LC was well informed in this regard, he would indicate those projects that he felt should be considered by the Committee for funding.
- 4.6.12 In the email dated 15 March 2010, the Secretary was instructed to review those applications deemed eligible for funding by the PS LC and the Policy Coordinator, and request MEPA permits where necessary. It was indicated that LCs were to submit such

documentation by 26 March 2010. The NAO compared the eligibility, or otherwise, as set by the PS LC and the Policy Coordinator with that established by the Evaluation Committee. In 21 cases, the recommendations put forward were similar, while in the remaining 12 cases, the outcome differed. Of these 12 cases, the PS LC and the Policy Coordinator had classified 11 projects as eligible, while the Evaluation Committee had decided otherwise. The NAO was unable to establish whether this was attributable to the LCs' failure to submit the required MEPA permits, or due to other reasons, as this Office was not provided with applications. The remaining project, submitted by the Balzan LC for the restoration of a statue, was deemed ineligible by the PS LC and the Policy Coordinator, yet granted funds by the Committee. When queried in this respect, the Policy Coordinator within the Parliamentary Secretariat for LCs stated that the Committee's decision to grant funds would have been subsequently referred for the approval of the PS LC. According to the Policy Coordinator, these approvals were obtained verbally and the DLG would be subsequently accordingly informed. In reply to the queries made by the NAO, the PS LC maintained that his role in this process was limited to providing general direction and insisted that he was not involved in the shortlisting process. Furthermore, the PS LC indicated that the 15 March 2010 correspondence, referred to in the preceding paragraph, related to the preliminary review of submissions undertaken by the Policy Coordinator after seeking his views on the scope of the scheme. Notwithstanding the explanations provided by the PS LC, the NAO has reservations regarding his level of involvement. These reservations are grounded in the NAO's understanding of the 15 March 2010 correspondence, which was conditioned by that stated by the Policy Coordinator and cited in the preceding paragraph. Irrelevant of whether the recommendations put forward by the PS LC and the Policy Coordinator were complied with by the Evaluation Committee, this Office is of the opinion that interventions of this nature should be avoided at all costs, as they effectively impinge on the independence of the Committee.

- 4.6.13 On 18 March 2010, the shortlisted applicants that had not submitted the required MEPA permits with their application were informed that their application had been shortlisted and were requested to submit the necessary documentation by 26 March 2010. All LCs whose applications were deemed ineligible in the 15 March 2010 exchange were not included in this correspondence. On the other hand, councils whose submissions were considered eligible by the Secretariat (bar that submitted by the Floriana LC) were notified of the requirement to submit the documentation. When one considers that the evaluation report cited the Committee's first meeting as having been held on 3 May 2010, then the NAO maintains notable reservations regarding the direct interference by the Secretariat in determining which applications were to be supported.
- 4.6.14 Following the finalisation of the evaluation report, on 18 May 2010, the Policy Coordinator informed a number of LCs that their application had been selected for funding and invited them to the launch of the scheme. This was to be held in Għaxaq on 4 June 2010 and in Munxar on 8 June 2010. While LCs were informed that acceptance letters and the respective grant payments would be distributed during these events, the NAO noted that no reference to the amount of the grant was made.
- 4.6.15 Copies of the letters of acceptance, dated 4 June 2010, were retained in the corresponding DLG file. Through the letter of acceptance, LCs were informed of which project was to be funded and the grant allocated in this respect. Also specified was the fact that the successful LCs were to be presented with a payment

equivalent to half of the grant during the scheme's launch. The remaining funds were to be transferred once the relevant receipts and invoices were presented to the Department on completion and certification of the project. Copies of the letters of rejection issued to various LCs were also noted on file, wherein unsuccessful applicants were informed of the reasons for failing to secure funding, these being that:

- a. the required criteria were not satisfied;
- b. the necessary permits were not available; and
- c. the application could have been submitted under another scheme.

4.7 Memo 32/2010: Skema ta' Għajnuna lill-Kunsilli Lokali li tul is-sena jilqgħu fihom Attivitajiet fuq Skala Nazzjonali li jkunu Organizzati Esklussivament mill-Gvern Ċentrali

4.7.1 Memo 32/2010, issued on 8 February 2010, was launched by the PS LC together with the Kumitat għall-Ambjent Aħjar⁷ within the OPM. This scheme provided aid to LCs for national activities organised by central government and held within their localities.

4.7.2 The scheme had an allocated budget of €160,000 and was split into two parts:

- a. the first part was intended to financially assist LCs to carry out the required maintenance in the zones or roads that were going to be affected by the national activities; and
- b. the second part was intended to assist LCs in improving the zones and roads that were going to be affected by the national activities. The grants earmarked for this part of the scheme comprised the remaining funds following the allocations made for the first part of the scheme.

4.7.3 In order to be considered eligible for funding under this scheme, LCs were to:

- a. indicate that an activity on a national scale was to be organised by central government in their respective locality;
- b. formally apply for funds, providing the required details and appending the relevant cost estimates to the application form;
- c. only apply in cases where works were to be carried out on roads and public spaces that fell within their responsibility;
- d. specify the cost involved for each aspect of the proposed initiative;
- e. specify the envisaged completion date;
- f. ensure that the declarations provided were correct, as the submission of incorrect declarations could render the application invalid; and
- g. submit the documentation required by the indicated closing date, that is, 2 March 2010.

4.7.4 Financial assistance in respect of this scheme consisted of a grant of up to 50 per cent of the costs incurred, which grant was not to exceed €9,000 unless the LC provided justification substantiating the allocation of additional funding. Contrary to other memos issued during this period under review, the NAO noted that no guidance notes were appended to Memo 32/2010. However, the issues ordinarily addressed through such guidance notes were in effect included in the Memo. Notwithstanding this, an element that remained unaddressed was whether the fund would cover

⁷ An environmental committee within the OPM.

national activities that had already been held or be limited to forthcoming events. In this sense, a specific period of time within which events would be deemed eligible was not indicated.

- 4.7.5 This Office raised the fact that no guidance notes were appended to Memo 32/2010 with the Policy Coordinator within the Parliamentary Secretariat for LCs and an official within the Schemes Unit DLG. Both confirmed that guidance notes were not issued with respect to this scheme. The Policy Coordinator attributed this to the fact that the scheme entailed a straightforward allocation of funds by central government. On the other hand, the DLG official indicated that the scheme was specifically intended for upgrading works in connection with the then planned papal visit.
- 4.7.6 By the closing date, 36 applications, submitted by 21 LCs, were received by the DLG. The amount of funding requested with respect to all the applications submitted was of €779,500. The NAO was not provided with copies of any of the applications submitted and was restricted to the information presented in the evaluation report, thereby limiting the process of verification.
- 4.7.7 Furthermore, the NAO was not provided with the documentation indicating the setting up of the Evaluation Committee and the appointment of members thereto. However, this Office ascertained that the Evaluation Committee was composed of an official from the Parliamentary Secretariat for LCs as Chair, an official within the Schemes Unit DLG, an official from the Private Secretariat of the Ministry for Resources and Rural Affairs, an architect from Transport Malta and an another official from the Parliamentary Secretariat for LCs as members. Another OPM official acted as Secretary to the Committee. This information was sourced from the evaluation report, as no record of any meetings held by the Evaluation Committee was provided despite queries addressed to the Parliamentary Secretariat for LCs and the DLG. The only information sourced by the NAO relating to the work undertaken by the Evaluation Committee consisted of a series of maps provided by another DLG official engaged by the Committee to provide technical assistance. The maps outlined the route that was to be followed during the papal visit, utilised by the Committee to identify the roads that required resurfacing works.
- 4.7.8 The NAO noted that the evaluation report was undated, yet bore an official DLG date-stamp of 18 March 2010. The report presented the applications received, categorised according to LC. Indicated in the report were the funding amounts requested and allocated, as well as elements of justification or general comments relating to the proposals put forward. No reference was made to whether the Committee ensured that the applications received were administratively compliant to Memo 32/2010. This Office is of the opinion that the basis of the allocation was in most cases vague, failing to indicate the application of the criteria in the process of adjudication. Notwithstanding this, the NAO noted that the majority of the grants did in fact relate to the planned route of the papal visit. However, on occasion, the Office found difficulty in establishing the relevance of the grant to the scheme, such as in the case of the Rabat (G) LC, which received funds for the replacement of ficus trees with indigenous species. An element of justification was put forward by the Chair Evaluation Committee in correspondence dated 17 March 2010. In this context, it was stated that the submission by the Rabat (G) LC was considered as an exceptional case, as the locality is the capital of Gozo and the location where central government activities are generally organised.

4.7.9 According to the evaluation report, 26 projects were approved for funding. Although funding earmarked for this scheme had been set at €160,000, actual funds granted amounted to €193,400, accounting for a variance of €33,400 (Table 27 refers).

Table 27: List of projects, amounts requested and allocated (Memo 32/2010)

LC	Project	Amount requested (€)	Approved funding (€)
Kalkara	Road resurfacing for part of Triq il-Marina	26,426	20,000
Rabat (M)	Road maintenance on Triq tal-Virtù	23,235	20,000
Floriana	Changing of kerbs located around the granaries	23,459	17,500
Rabat (G)	Replacement of ficus trees with indigenous species	30,000	15,000
Paola	Road patching on Triq Ħaż-Żabbar and Pjazza Antoine De Paule	18,155	9,000
Santa Venera	Maintenance and embellishment of Triq il-Kbira San Ġużepp	218,623	9,000
Sliema	Road repairs on Triq l-Imrabat	44,983	9,000
St Julians	Road maintenance on Triq Birkirkara	57,302	9,000
Valletta	Cleaning after activities	26,495	9,000
Valletta	Refurbishment of public conveniences	50,000	9,000
Gżira	Major patching in Triq D'Argens	17,135	8,500
Għaxaq	Road resurfacing on the bypass	16,885	8,400
San Ġwann	Embellishment of Misraħ Lourdes and the surrounding areas	13,781	7,000
Fgura	Road markings and furniture	14,439	6,100
Qormi	Road maintenance in Triq il-Vitorja and Triq San Bastjan	12,000	6,000
San Lawrenz	Reconstruction of pavements on both sides of Triq id-Duluri	12,000	6,000
Msida	Repairs on the fountain in Ġnien 5 ta' Ottubru	18,360	5,000
Vittoriosa	Embellishment of the zone along Triq Marzu 79	12,631	4,400
Gudja	Road maintenance in Triq Ħal Għaxaq and Triq Ħal Tarxien	18,700	3,200
Fgura	Repairs to water culverts in Wesgħa il-Kunsill tal-Ewropa	5,773	2,900
Ħamrun	Repainting of road markings in Triq il-Kbira San Ġużepp	2,813	2,800
Senglea	Embellishment of the zone along Dawret ix-Xatt	5,170	2,600
Floriana	Wall maintenance, upkeep of the granaries and grass trimming	1,825	1,500
Floriana	Wall construction in Telgħa tal-Kurċifiss	1,117	1,000
Għargħur	Pots and plants	1,354	1,000
Vittoriosa	Cleaning after activities	955	500
Fgura	Replacement of pots in Triq Hompesch	5,280	0
Fgura	Iron railings	2,723	0
Floriana	n/a ¹	11,201	0
Floriana	n/a ¹	2,369	0
Floriana	n/a ¹	4,410	0
Floriana	n/a ¹	1,500	0
Floriana	n/a ¹	30,730	0
Ħamrun	Road maintenance on Triq il-Kbira San Ġużepp	21,932	0
Rabat (G)	Better access to public convenience facilities	20,000	0
Rabat (M)	Extensive patching in Triq il-Kulleġġ	5,739	0
Total		779,500	193,400

Note:

1. Details relating to five of the projects put forward by the Floriana LC were not specified in the evaluation report and were not provided to this Office following queries raised with the Parliamentary Secretariat for LCs and the DLG.

- 4.7.10 A number of awards did not adhere to the funding arrangements stipulated in Memo 32/2010. Although the Memo indicated that funds exceeding the €9,000 limit would be granted in exceptional circumstances, the NAO has reservations with respect to the aforementioned project presented by the Rabat (G) LC. This Office finds difficulty in understanding how the Evaluation Committee's decision to award €15,000 for the replacement of trees could be justified as an exceptional circumstance, despite that stated by the Chair Evaluation Committee. Similarly exceeding the €9,000 limit were grants allocated to the Floriana, Kalkara and Rabat (M) LCs; however, in these cases, the nature of the requests put forward were in line with the intentions of the scheme and justified in terms of their relation to the papal visit in correspondence by Chair Evaluation Committee dated 17 March 2010. The NAO also noted that the grants awarded to the Floriana, Għargħur and Ħamrun LCs were inconsistent with the provisions stipulating that half of the costs were to be borne by the LCs.
- 4.7.11 The reason for rejection with respect to four of the five LCs that had projects not selected for funding was specified in the evaluation report and deemed valid by the NAO, as they were inconsistent with the parameters established in Memo 32/2010. In the case of one of the submissions put forward by the Rabat (G) LC, the NAO noted that no justification for the adverse decision taken by the Committee was specified.
- 4.7.12 LCs were informed of the selection, or otherwise, of their applications and the amount allocated on 11 March 2010 through correspondence sent by the PS LC. Although direct reference to how funds were to be claimed was not specified in this correspondence, LCs were informed that copies of invoices were to be submitted following the completion of works. Whether this implied that funds were to be reimbursed on the presentation of such supporting documentation remained subject to interpretation. However, on 23 March 2010, the matter was resolved when PS LC indicated that half of the allocated funds were to be transferred to the LC upfront, while the remaining amount was to be reimbursed on the presentation of the relevant invoices indicating project completion.

4.8 Memo 73/2010: Inizjattiva Premju Lokalitajiet Indaf

- 4.8.1 Memo 73/2010, issued on 1 June 2010, launched a scheme titled Inizjattiva Premju Lokalitajiet Indaf, wherein LCs and ACs were encouraged to introduce initiatives promoting cleaner localities. These initiatives were to be undertaken between 1 July 2010 and 31 October 2010. A list of possible initiatives that applicants could adopt were cited in the Memo, namely:
- a. general cleaning;
 - b. an educational campaign promoting cleanliness;
 - c. the organisation of a cleaning activity involving residents and NGOs; and
 - d. innovative initiatives towards sustained cleanliness.
- 4.8.2 LCs in localities with a population of less than 5,000, as well as ACs, could request funding of up to €1,000, while LCs in localities with a population of more than 5,000 could request up to €2,000 in financial assistance. Furthermore, the best three initiatives, to be determined by a purposely-appointed board, were to be allocated awards of €20,000, €15,000, and €10,000. All LCs were invited to apply for funding by 30 June 2010, while the deadline for ACs was set for 30 July 2010. In their letter of application, LCs and ACs were to include the details of the proposed initiatives and a breakdown of expenses.

- 4.8.3 Following the review of working papers provided by the DLG, the NAO established that 52 applications had been submitted under this scheme. Despite requests raised by this Office, only 14 of the 52 applications submitted were made available. Of the 14 applications reviewed, the NAO noted that the proposal submitted by the Qrendi LC was made after the stipulated deadline. In the case of the Swieqi LC, although the application was submitted prior to the deadline, this Office noted that significant changes to the proposed project were effected after the closing date for submissions. The 52 applications submitted with respect to Memo 73/2010 corresponded to 46 LCs and six ACs. Based on the working papers provided, the NAO noted that the total request for funding amounted to €340,078. However, it must be stated that the amount requested by five LCs was not indicated, while the submission by the Rabat (M) LC included proposed paving works estimated at €230,000. The NAO is of the opinion that this aspect of the Rabat (M) LC submission inflated the total amount requested. Moreover, this was clearly outside the scope of the scheme.
- 4.8.4 In the documentation retained on file, an Evaluation Committee tasked with the adjudication of initiatives was referred to in various emails submitted by the DLG to various LCs on 12 and 13 July 2010. According to this correspondence, councils were to submit missing details of the activities proposed as the Evaluation Committee was to meet on 14 July 2010 to discuss the applications submitted. This Office could not ascertain whether the Committee met on 14 July 2010; however, other correspondence indicated that it had met on 26 July 2010. Although reference was made to the workings of the Committee, the NAO found difficulty in establishing who the members of the Committee were as no letters of appointment were provided. Despite this lacuna, the NAO was able to establish the composition of the Evaluation Committee through its report, dated 15 February 2011, a copy of which was found on file. According to the evaluation report, the members of the Evaluation Committee were nominated by the PS LC in June 2010. The Committee was made up of three retired public officials. The PS LC indicated to the NAO that the assignment entailed numerous visits to multiple localities and therefore the choice of retired officials was motivated by this fact.
- 4.8.5 On 26 July 2010, an official from the Parliamentary Secretariat for LCs informed a DLG official of the Evaluation Committee's recommendations with regard to the proposed initiatives for which financial assistance was being sought by LCs and ACs. Based on the NAO's understanding of this correspondence, the Evaluation Committee restricted its review to the establishment of the eligibility of applications and did not recommend the allocation of specific amounts. No other documentation indicating the Committee's role in determining the financial assistance that was to be allocated was obtained.
- 4.8.6 A degree of clarity regarding the manner by which funds were allocated was provided in correspondence dated 15 September 2010, wherein the Policy Coordinator within the Parliamentary Secretariat for LCs informed the PS LC that she had reviewed the applications and decided on the amounts that were to be allocated to each LC and AC, subject to his endorsement. The proposed allocations were revised by the PS LC and the Policy Coordinator and referred to a DLG official on 16 September 2010 for further necessary action. The revised allocations were made to 38 LCs and six ACs and amounted to €18,291 (Table 28 refers).

Table 28: Amounts requested and allocated by LC/AC (Memo 73/2010)

LC / AC	Amount requested (€)	Approved funding (€)
Marsascala	1,955	1,300
Santa Luċija (M)	1,620	1,000
Ta' Xbiex	3,120	1,000
Mellieħa	4,949	980
Senglea	2,000	800
Siġġiewi	4,000	800
Żebbuġ (M)	2,000	800
Cospicua	1,750	700
Qrendi	1,000	700
Naxxar	2,905	650
Baħar iċ-Ċagħaq	1,000	500
Birżebbuġa	1,520	500
Dingli	1,000	500
Kappara	1,100	500
San Ġwann	1,200	500
Valletta	1,800	500
St Paul's Bay	11,415	475
Mqabba	1,380	450
San Lawrenz	1,000	450
Balzan	550	400
Burmarrad	2,803	400
Għarb	2,600	400
St Julians	1,859	400
Bubaqra	723	300
Ħamrun	2,450	300
Mtarfa	2,000	300
Santa Luċija (G)	531	300
Swieqi	366	300
Vittoriosa	1,742	250
Qormi	1,020	200
Safi	1,700	200
Floriana	1,000	160
Xlendi	1,143	156
Sannat	1,000	120
Attard	389	100
Gżira	1,295	100
Kirkop	2,000	100
Mdina	1,000	100
Munxar	491	100
Nadur	3,050	100
Rabat (G)	2,100	100
Rabat (M)	246,680	100
Żebbuġ (G)	1,570	100
Żejtun	2,750	100
Għargħur	4,000	-
Gudja	n/a	-

Kalkara	n/a	-
Kerċem	2,552	-
Mosta	4,000	-
Qala	n/a	-
Santa Venera	n/a	-
Xagħra	n/a	-
Total	340,078	18,291

- 4.8.7 Notwithstanding this, the NAO deemed the correspondence dated 17 September 2010 ambiguous. In this correspondence, a DLG official enquired with the Policy Coordinator about the grant that was to be allocated to the Żebbuġ (G) LC. In reply, the Policy Coordinator indicated that €100 was to be allocated, subject to the endorsement of the Evaluation Committee. The NAO noted that similar correspondence had been exchanged with respect to the applications submitted by other LCs; yet, no reference was made to the role played by the Evaluation Committee in the determination of the allocations.
- 4.8.8 The NAO raised queries regarding how funds were allocated with the PS LC and the Policy Coordinator. The PS LC indicated to the NAO that LCs were encouraged to organise educational and cleaning activities as part of this scheme. Funds were allocated to cover part of the expenses incurred in this respect, with the disbursement made against the presentation of receipts. The PS LC confirmed that his authorisation had been sought and provided in this respect. Replies by the Policy Coordinator were deemed ambiguous by this Office, largely attributable to her inability to recall the details of the scheme. Notwithstanding this, the Policy Coordinator confirmed her initial involvement in the filtering of the applications, although the documentation reviewed indicated a more decisive role in this respect. According to the Policy Coordinator, most of the allocations were equivalent to 50 per cent of the requested amount, yet some exceptions had been made. The NAO noted that the number of exceptions was notable. Finally, the Policy Coordinator confirmed that the allocation of amounts was determined following consultation with the PS LC.
- 4.8.9 Letters of acceptance indicating the financial assistance granted in respect of the initiatives proposed by the LCs and ACs were sent on 20 September 2010. All but one letter of acceptance were on file. Specified in this correspondence was the fact that the grant would be effected on presentation of substantiating invoices and fiscal receipts, duly endorsed by the Executive Secretary. The LCs and ACs were reminded that the adjudication leading to the award for the best three initiatives would be based on reports that were to be submitted by all councils and committees. A standard form that was to be submitted to the Evaluation Committee by 5 November 2010 was appended to this correspondence.
- 4.8.10 The submission of the letters of acceptance and rejection brought to a close the first phase of this scheme, that is, the granting of financial assistance to LCs and ACs for initiatives undertaken intended at promoting cleaner localities. The second phase of this scheme consisted of awards for the best three initiatives.
- 4.8.11 Preliminary meetings of the Evaluation Committee were held in July 2010, wherein the criteria that were to be adopted in the evaluation and adjudication of initiatives were determined. The convening of these meetings was not only referred to in the report by the Committee, but also corroborated through the exchange of correspondence with the DLG in this regard. The NAO noted that, according to these

exchanges, the views of the PS LC were sought in establishing the factors, and the weightings thereto, that were to be considered by the Committee in its evaluation of the projects and initiatives undertaken.

4.8.12 Ultimately, the Evaluation Committee agreed that a maximum of 200 marks could be allocated to each participating LC/AC, according to the following criteria:

- a. number of activities held – 15 marks;
- b. innovation – 40 marks;
- c. number of persons involved in the projects/activities – 25 marks;
- d. results achieved from the projects/activities undertaken – 45 marks;
- e. use of resources by the LC other than the financial assistance allocated – 30 marks;
- f. good use of public relations – 30 marks; and
- g. the provision of a detailed report of the projects/activities carried out – 15 marks.

4.8.13 The above was communicated to LCs and ACs in a letter submitted by the DLG on 2 August 2010. In this submission, the criteria that were to be adopted by the Evaluation Committee, as well as the corresponding marks for each criterion, were clearly indicated. Moreover, LCs and ACs were informed that the Evaluation Committee was to base its decision as to the best three initiatives on a report that was to be submitted by the participating LCs and ACs. These reports were to be made on the standard form attached to the 2 August 2010 correspondence. In this sense, LCs and ACs were required to provide the details of the projects or activities carried out. These included the location where the projects/activities were held, a short description of the projects/activities, details of the participation by the public, a financial estimate, as well as the details of the promotion afforded to the projects/activities undertaken. Applicants were also to submit evidence of these initiatives, such as photos, videos, leaflets and media coverage. The reports were to be submitted to the Evaluation Committee by 5 November 2010.

4.8.14 According to the evaluation report dated 15 February 2011, several meetings were held in January 2011 wherein the reports submitted by the LCs and ACs were reviewed. As indicated therein, out of a total of 68 LCs and 16 ACs, only 18 councils and three ACs participated in the second phase of scheme. This represented a 25 per cent participation rate that, according to the Evaluation Committee, was considerably lower than that registered in the previous year. The Committee was of the opinion that the reasons for the low rate of involvement were to be looked into.

4.8.15 The Evaluation Committee also commented that efforts were to be made to mitigate the inequity in the evaluation of projects and activities held under this scheme. This disparity mostly emanated from differences in the size of the participating localities, particularly with the inclusion of ACs that, geographically, were much smaller. According to the Committee, some form of tiering was to be introduced, based either on the geographical size of the localities or their population. The Committee proposed the introduction of three different categories, with awards given to the best initiative in each category.

4.8.16 To partly address the inequity referred to above, the Evaluation Committee proposed that, as a sign of appreciation to ACs, one-fourth of the third-best award (that is €2,500 of the €10,000 prize) was to be allocated to the AC with the best initiative from among participating ACs. Moreover, €1,000 was to be given to the AC that

placed second. According to the Committee, the Santa Luċija and the Kappara ACs had obtained the highest scores and were therefore allocated €2,500 and €1,000, respectively.

- 4.8.17 In its report, the Evaluation Committee also recommended changes in the scope of the scheme and the criteria employed to determine the cleanest locality. According to the Committee, the current scheme did not adequately reflect elements that citizens considered fundamental, such as clean roads all year round. Moreover, although the projects and initiatives undertaken under this scheme promoted cleanliness, their outcome was transitory. In this respect, the Committee recommended that an element of inspection was to be re-introduced, and that this was to carry a considerable weighting in the determination of the cleanest localities.
- 4.8.18 Finally, the Evaluation Committee presented the conclusions of the evaluation process of the 21 applications submitted. According to the evaluation report, two LCs – namely that of Mġarr and Xagħra – had not submitted the required report and therefore were not considered further. Of the remaining applicants, the Mellieħa LC obtained the highest score with 165 marks. The Marsascula LC placed second with 152 points, while the San Lawrenz LC obtained 148 points to secure third place. Included in the evaluation report was a breakdown of the marks allocated to each LC and AC according to each criterion stipulated in paragraph 4.8.12. The marks allocated to all applicants are presented in Table 29. It must be noted that the Committee’s recommendation to deduct a portion of the third place award was not followed through and the allocations to ACs were supplementary to that granted to LCs.

Table 29: Marks allocated and award granted (Memo 73/2010)

LC / AC	Marks allocated	Award (€)
Mellieħa	165	20,000
Marsascula	152	15,000
San Lawrenz	148	10,000
Ta’ Xbiex	141	-
Żebbuġ (M)	120	-
Żejtun	110	-
Ħamrun	103	-
Birżebbuġa	102	-
Santa Luċija (G)	101	2,500
Gżira	99	-
Kappara	86	1,000
Bubaqra	81	-
Safi	76	-
Swieqi	76	-
St Paul’s Bay	66	-
St Julians	64	-
Għargħur	60	-
Santa Luċija (M)	57	-
Kirkop	44	-
Total		48,500

- 4.8.19 Correspondence retained on file indicated that the awards were presented during a ceremony held at Kappara on 8 March 2011. During this event, the successful LCs and ACs were granted the awarded funds.

4.9 Memo 94/2010: Skema ta' Finanzjament għall-Proġetti u Inizjattivi mill-Komitati Amministrattivi fil-Lokalitajiet Tagħhom

- 4.9.1** Following the setting up of ACs, the DLG sought to support these Committees through the financing of projects and initiatives that fell within their remit. To this end, Memo 94/2010 was issued on 6 July 2010. In this context, ACs were to submit applications for projects that were to be concluded by year-end. Prospective applicants were to submit applications to the DLG by 20 August 2010, with submissions to be duly signed by the Chair AC. Applications were to include a brief explanation of the project or initiative, a financial estimate, as well as the intended commencement and completion dates. According to the Memo, although applications could consist of more than one project or initiative, the cumulative cost of these projects was not to exceed €20,000. Shortlisted applicants could be requested to provide further details regarding proposed projects, such as plans and MEPA permits.
- 4.9.2** The NAO was not provided with copies of the applications submitted; however, according to the working papers retained by the DLG, dated 15 September 2010, the Department received 13 applications in respect of this Memo. This Office could not ascertain whether applications were submitted prior to the stipulated deadline, yet noted reference to a late application by the Kappara AC in the above-cited working papers. On 15 September 2010, the DLG submitted correspondence to nine ACs and their respective LCs in order to establish whether the projects applied for required MEPA and KNPD permits. Furthermore, in the case of the Swatar AC, the Committee was requested to refer to the guidelines issued by the Malta Standards Authority in respect of safety requirements at public playgrounds. Correspondence regarding permit requirements was not noted in the case of the Baħrija, Fleur de Lys, Madliena and Marsalforn ACs; however, this may be due to the fact that MEPA and KNPD permits for these proposed projects were not required.
- 4.9.3** Of interest to the NAO was correspondence exchanged on 15 September 2010, between a DLG official and the Policy Coordinator within the Parliamentary Secretariat for LCs. The DLG official drew the Policy Coordinator's attention to the fact that a number of projects required MEPA and KNPD permits, the attainment of which rendered the completion of works by end 2010 an unlikely prospect. In reply, the Policy Coordinator requested the DLG official to establish which ACs had the necessary permits. ACs that were not in possession of the required permits would not be considered eligible for funding, since works were to be completed by December 2010. The adjudication process was to start once this information was available.
- 4.9.4** The NAO was not provided with the letters of appointment of the members of the Evaluation Committee. Neither was it possible for this Office to establish the composition of the Committee through the review of its meeting minutes as no record of the meetings held was retained. The only record available in this regard was the evaluation report, dated 26 November 2010, whereby it was ascertained that the Committee was composed of the DG LG as Chair, the Policy Coordinator within the Parliamentary Secretariat for LCs and an Assistant Director DLG as members. The DLG official referred to in the preceding paragraph acted as Secretary to the Committee. Although the evaluation report made reference to a Committee meeting held on 18 October 2010, the NAO was not provided with any documentation thereto.
- 4.9.5** According to the evaluation report, the 13 submitted applications were deemed compliant with the criteria specified in Memo 94/2010 and were selected for funding. While all ACs received grants under this scheme, not all proposals were

selected for funding. The NAO noted that funding was allocated to the ACs according to the amount requested, unless this exceeded the capping established at €20,000. The only exceptions to this were the proposals submitted by the Fleur de Lys and Madliena ACs, for the organisation of a Christmas village and the setting up of a website, respectively. No justification for the Committee's decision not to fund these initiatives was noted in the evaluation report. In total, the amount of funds requested was €515,826, while grants allocated were €233,000 (Table 30 refers).

Table 30: List of projects, funds requested and allocated (Memo 94/2010)

AC	Project	Amount requested (€)	Funding allocated (€)
Baħar iċ-Ċagħaq	Road works	23,950	20,000
Baħrija	Embellishment works to the entrance of Baħrija	24,790	20,000
Bubaqra	Traffic management systems	21,986	20,000
Burmarrad	Embellishment of the general environment	21,581	20,000
Ħal-Farruġ	Embellishment of a road	43,046	20,000
Marsalforn	Resurfacing of a road	198,000	20,000
Santa Luċija (G)	Resurfacing of a road	55,927	20,000
Tal-Virtù	Embellishment and security upgrade to a site	20,654	20,000
Xlendi	Works on a passageway	20,000	20,000
Madliena	Placement of benches and installation of lamp posts	19,826	19,000
Swatar	Embellishment of a playground	16,580	16,000
Kappara	Upgrading of a public garden	13,286	13,000
Fleur de Lys	Organisation of commemorative events regarding the aqueduct	5,008	5,000
Baħar iċ-Ċagħaq	Building of a playground	16,485	-
Baħar iċ-Ċagħaq	Dog park	10,000	-
Fleur de Lys	Christmas village	3,057	-
Madliena	Website	1,650	-
Total		515,826	233,000

- 4.9.6** Notwithstanding the fact that the evaluation report was dated 26 November 2010, the NAO noted that letters of acceptance had already been sent to ACs on 27 October 2010. Although the evaluation report indicated that the Committee had met on 18 October 2010, this Office is of the opinion that the submission of letters of acceptance prior to the finalisation of the report is a procedural shortcoming. Queried by the NAO in this respect, the DG LG claimed that this anomaly was probably attributable to an erroneous date cited in the evaluation report.
- 4.9.7** Through the letters of acceptance, ACs were informed of the project that had been selected for funding and the total grant amount. Furthermore, the AC's attention was drawn to the fact that half of the grant would be awarded during an event that was to be held later on during the year, while the remaining amount would be settled on completion of the project and presentation of the fiscal receipts corresponding to the total allocation. This event was held on 12 November 2010, at which point ACs were informed that the deadline for the completion of the projects had been extended from 31 December 2010 to 30 November 2011.
- 4.9.8** On 26 November 2010, the Executive Secretary Swieqi LC raised queries with the DLG regarding funds awarded to the Madliena AC under this scheme. In essence, the Madliena AC was enquiring whether the €19,000 granted for the placement of benches and installation of lampposts, could also be used to set up a website, as had

originally been indicated in the AC's application. The Evaluation Committee rejected the request put forward by the Madliena AC on 30 November 2010.

- 4.9.9 On the other hand, the Executive Secretary Rabat (M) LC submitted correspondence to an officer within the Schemes Unit DLG on 10 November 2011, stating that the Tal-Virtù AC was not in a position to finalise the funded project due to difficulties encountered in obtaining MEPA permits. To this end, the Tal-Virtù AC requested the Evaluation Committee's approval for funds to be utilised to finalise the construction of a pavement instead of the originally endorsed project. On 11 November 2011, the Tal-Virtù AC was notified that the Evaluation Committee had approved its request and that it was granted a six-month extension. In this regard, the NAO noted an element of inconsistency in the approach adopted by the Evaluation Committee in addressing the requests for amendments to the approved projects submitted by the Madliena AC and the Tal-Virtù AC.
- 4.9.10 The NAO noted other divergences with regard to the projects that were originally granted funds under this scheme. The project submitted by the Xlendi AC was for maintenance and upgrading works on a footpath leading to Għar ta' Karolina, and consisted of the laying of limestone slabs, the construction/reinstatement of dry stone walls, the replacing of light fittings and handrails, as well as the installation of a new gate. The documentation reviewed indicated that the AC had applied for the requisite MEPA permit for the works in question. Nonetheless, according to a MEPA application status report dated 5 November 2010, the Building Levy submitted was insufficient and the application would only be assessed once full payment was received. The DLG followed up on the progress of the permit application on 14 January 2011, with enquiries made directly with MEPA. No documentation regarding the outcome of this correspondence was on file. The next correspondence related to the issue was an email by the DLG, dated 9 November 2011, submitted to the ACs reminding them that works funded under this scheme had to be finalised by end November 2011. Notwithstanding this correspondence, on 21 November 2011, the ACs were informed that if works were not completed by the November deadline, then ACs had to submit a request to the Evaluation Committee, specifying the required extension. Cited in this correspondence was the fact that it would only be possible to extend the deadline once. On 23 November 2011, the Xlendi AC requested that the period for the completion of works be extended to November 2012 since MEPA permits were still outstanding. According to the reply submitted by the DLG on 24 November 2011, the request was forwarded to the Evaluation Committee, which had granted an extension until end June 2012. In the reply, it was further stated that no other extensions would be approved. Moreover, it was suggested that the Xlendi AC was to seek other proposals to utilise the grant if the MEPA permit was unlikely to be secured in the near future. This recommendation further highlights the inconsistency in the approach adopted by the Committee. The last record retained on file regarding this matter was dated 6 March 2012, wherein it was noted that the AC was still waiting for the MEPA permit in order to issue a call for tenders for the works in question.
- 4.9.11 Similarly, the Burmarrad AC had also encountered problems in obtaining the required MEPA permits for parts of its project. In fact, as at 27 October 2011, MEPA permits for the reconstruction of a pavement in Burmarrad and the construction of a soft area in Wardija had not yet been issued. Other works for which funding was obtained had been contracted and were to start imminently. In the reply submitted by the DLG on the same day, the Burmarrad AC was enjoined to utilise the funds for other works should problems with the requisite permits persist. According to correspondence

submitted by the Burmarrad AC to the Department on 21 November 2011, the AC had redirected the unutilised €10,000 from the 94/2010 scheme to road works in Wardija.

4.9.12 The Baħrija AC had obtained a grant of €20,000 for the embellishment of the entrance to its locality. However, correspondence submitted by the Rabat (M) Mayor to the PS LC on 23 December 2010 indicated that, during a meeting held between the Parliamentary Secretariat for LCs and the Rabat (M) LC/Baħrija AC on 21 December 2010, the possibility of utilising the funds for other projects was discussed. According to this correspondence, MEPA had rejected the proposal put forward by the Baħrija AC, as this was not in conformity with the Authority's Local Plan. MEPA was also requesting that a Full Development Application, rather than a Development Notification Order, be submitted for the embellishment works applied for. Moreover, concerns regarding the fact that, possibly, a part of the proposed works were to be carried out on private land were raised. This would have necessitated an expropriation, which would have delayed the works even further. In the circumstances, the AC requested the utilisation of the grant for the resurfacing of two roads at Baħrija. In the reply submitted on 23 December 2010, the Policy Coordinator within the Parliamentary Secretariat for LCs informed the Rabat (M) Mayor that the request by the Baħrija AC was acceded to. Copies of the relevant works estimates were to be submitted to the DLG.

4.9.13 Although the NAO considers the allocation of funds to ACs as a commendable initiative, this Office is of the opinion that the timeframe for the completion of works indicated in Memo 94/2010 was unrealistic. This understanding is supported by the DLG's initial revision in project completion deadline from December 2010 to November 2011, as well as the numerous requests for changes in the project scope attributable to the difficulties experienced in securing MEPA permits.

4.10 Memo 95/2010: Skema dwar Inizjattivi ta' Attivitajiet 2011

4.10.1 Memo 95/2010, issued on 6 July 2010, was aimed at incentivising LCs and ACs to organise initiatives and activities that promoted cultural heritage and helped local artists in line with Government's policy for sustainable development. Appended to the Memo were guidance notes and an application form. Interested LCs and ACs were to submit their application by 17 September 2010.

4.10.2 The guidance notes indicated that the funds allocated for this scheme amounted to €250,000. Reiterated in these notes were the scheme's main objectives, that is, incentivising LCs and ACs to propose initiatives that would enhance their locality's cultural heritage through the promotion of traditional activities and local artists to domestic and foreign visitors. The proposed scheme was to enhance the visibility and create awareness of Malta's cultural diversity. The financial assistance earmarked in this respect was meant to encourage LCs and ACs to embark on cultural activities, which if organised outside peak months, would help the decongestion of visitor flows while promoting the social, economic, cultural and environmental sustainability of localities.

4.10.3 The eligibility criteria outlined in the guidance notes denoted that the proposed initiatives were to contribute towards the conservation of tangible heritage, such as historical sites, monuments and artefacts, while promoting intangible factors such as social values and traditions, customs and practices, artistic expression, and language. The scheme was directed towards the enhancement of the communities' ways of life and intended at ensuring that any development undertaken would not conflict with the character of the locality. The formation of consortia between LCs and ACs was encouraged as initiatives submitted in this manner would be given due credit. Other

criteria indicated in the guidance notes were that the eligible initiatives were to be innovative, help develop the locality as a touristic area, involve various stakeholders and ensure visitor satisfaction. Proposed initiatives were to be organised within the specified timeframes, that is, from 1 December 2010 to 15 June 2011 and between 15 September 2011 and 31 December 2011.

4.10.4 Procedural considerations determining eligibility under this scheme were specified in the guidance notes. These entailed that:

- a. the application, based on the template form provided with Memo 95/2010, was to be signed, dated and completed;
- b. a detailed description of the initiative was to be provided, including a programme of activities;
- c. the date of the proposed initiative was to be indicated; and
- d. a detailed outline of the budget allocated for the implementation of the proposed initiative was to be presented.

4.10.5 Other procedure-related information specified in the guidance notes indicated that each LC could submit only one proposal in the format specified by the DLG. Also required was the submission of supporting documentation, namely, the implementation process of the particular initiative and a budget plan. Failure to submit any of the requested documentation could render the application ineligible for funding. Late submissions would not be considered.

4.10.6 According to the guidance notes, a maximum allocation of €10,000 was to be awarded to the selected initiatives. However, the amount of funding depended on the sustainability and viability of the initiative being proposed. Also stated was the fact that the LCs that had benefitted from previous similar schemes were expected to identify elements of innovation and improvement on past initiatives. Emphasis was made on the need to adhere to the proposed dates and themes of events, as otherwise, the Evaluation Committee reserved the right to withdraw funding.

4.10.7 The selection procedure that was to be applied by the Evaluation Committee was outlined in the guidance notes. Applications were to be assessed on:

- a. grounds of administrative compliance;
- b. the eligibility of the applicant and proposed initiative in terms of the criteria set for this scheme;
- c. the applicant's ability to achieve the criteria set; and
- d. an evaluation of the quality of the proposed project.

4.10.8 Finally, a number of broad issues that were to be considered by the Evaluation Committee in the adjudication of submitted applications were specified. These included various aspects relating to the project, such as, innovation, sustainability, the contribution to the urban and rural characteristics of the locality, as well as its social impact.

4.10.9 A template application form was appended to Memo 95/2010 and was forwarded to the prospective applicants. Aside from general details regarding project coordination, applicants were to state the total eligible costs and the planned start date of the project. A summary of the proposed project was to be provided, together with an indication of the tangible results expected, and a breakdown of the costs involved. The project timeframes and the involvement of other stakeholders were also to be

stated. Applicants were to indicate whether the project was being submitted by a group of LCs and, in the affirmative, identify the participants.

- 4.10.10 The NAO was not provided with the letters of appointment of the members that were to form the Evaluation Committee. This Office did establish the composition of the Committee through its evaluation report. In this sense, the Evaluation Committee was composed of the Policy Coordinator within the Parliamentary Secretariat for LCs as Chair, an Assistant Director DLG, three officials from the MTA and a DLG official as Secretary to the Committee.
- 4.10.11 Despite specific requests made by the NAO, this Office was not provided with any minutes of the meetings held by the Evaluation Committee or any working papers relating to the process of adjudication. The only documents sourced in this regard were a number of the submitted applications, the Evaluation Committee report dated 16 March 2011, and a database listing the salient details relating to the proposed events.
- 4.10.12 According to the evaluation report, 92 applications were received – 83 applications from 56 LCs, one application from a consortium composed of three LCs and eight other applications from five ACs. Although Memo 95/2010 stipulated that applications were to be submitted by 17 September 2010, the Evaluation Committee decided to extend the deadline to 17 October 2010. Moreover, while the guidelines appended to the Memo indicated that only one application per LC was to be submitted, the NAO noted that the Evaluation Committee withdrew this limitation and stated that all applications would be considered in their own right, with this possibly resulting in LCs benefitting from the allocation of funds for more than one activity. One final amendment effected by the Evaluation Committee to that stipulated when the scheme was launched related to the revision of the dates of the activities to be held. Initially, activities were to be scheduled between 1 December 2010 and 15 June 2011, as well as between 15 September 2011 and 31 December 2011. These dates were revised to 1 December 2010 to 15 June 2011, and 1 September 2011 to 31 December 2011.
- 4.10.13 Out of the 92 applications received, the NAO was provided with 64 proposals, which were submitted by 41 LCs and an AC. Of these 64 applications, four were unsigned, three were submitted considerably late, while a detailed outline of the proposed initiative's budget was not provided in the case of another four submissions.
- 4.10.14 The evaluation report noted that the Committee met several times to adjudicate the proposals received. According to that stated in the report, the Committee met a number of LCs and an AC to obtain further information on the proposed activities. In addition, the Evaluation Committee organised meetings with a number of neighbouring LCs and/or ACs, wherein the coordination of the proposed activities through the joint organisation of events was discussed. In this respect, the Evaluation Committee sought to coordinate activities proposed by the Valletta and Floriana LCs; the Munxar LC and Xlendi AC; the Żebbuġ (G) LC and Marsalforn AC; as well as the Attard and Balzan LCs. The latter two LCs were the only to agree to collaborate in this regard.
- 4.10.15 Of the 92 applications, the Evaluation Committee selected 55 proposals for funding. These proposals corresponded to 50 applications submitted by 45 LCs, four applications by three ACs, and one application from a consortium between three LCs. The aggregate cost of all the proposed projects was estimated at €1,563,398, while the total funding allocated to the 55 selected proposals amounted to €267,500. Therefore, the allocated amount exceeded the initial budget of €250,000 by €17,500. All proposed projects together with their corresponding cost estimate and approved funding are presented in Table 31.

Table 31: List of projects, project estimate and amount awarded (Memo 95/2010)

LC/AC	Project	Project estimate (€)	Amount awarded (€)
Mdina	Medieval Mdina - Flower and Pageantry	54,000	10,000
Valletta	Valletta New Year's Eve Celebration 2010	61,000	10,000
Vittoriosa	BirguFest 2011	35,675	10,000
Għajnsielem	Bethlehem f'Għajnsielem	19,080	9,500
Mellieħa	Iljieli Mellieħin 2011	20,000	8,000
Naxxar	Ir-Raħal fil-Milied 2010	26,000	8,000
Senglea	Senglea Marittima 2011	36,000	7,500
Floriana	Malta New Year's Eve Celebrations 2010	25,158	7,000
Floriana	The Fifth Malta Mechanised Ground Fireworks Festival	20,000	7,000
Għarb	Seħer il-Punent 2011	42,200	7,000
Ħamrun	Chocolate Festival	15,025	7,000
Mtarfa	Military Mtarfa 2011	24,000	7,000
Qala	The Sixth Edition of the Qala International Folk Festival 2011	50,500	7,000
San Lawrenz ¹	The Mediterranean 3D Festival	32,600	7,000
St Paul's Bay	The Wignacourt Tower Festival	24,400	7,000
Tarxien	Epoka - Festival of Traditional Feasts	25,900	7,000
Xewkija	Fiori d'Argenta	32,950	7,000
Żejtun	The Olive Fest	24,150	7,000
Mellieħa	Milied Mellieħi 2010	17,000	6,000
Qormi	Lejl f'Casal Fornaro	35,000	6,000
Sliema	Christmas in Sliema	16,000	6,000
Marsalforn	Ġmiel il-Fatra	15,000	5,000
Rabat (G)	New Year in the City	33,000	5,000
Rabat (M)	Ir-Rabat Tul iż-Żminjiet	33,400	5,000
St Julians	Festa ta' Lapsi	16,000	4,500
Dingli	Ħad-Dingli - Ħidma Agrarja u Tradizzjonijiet	15,120	4,000
Fgura ¹	Milied Imdawwal 2011	18,000	4,000
Kirkop	Spring Irkottafest 2011	14,665	4,000
Marsaxlokk	Mir-Raħal tas-Sajjeda	16,395	4,000
Mqabba	L-Imqabba mal-Medda taż-Żmien	14,000	4,000
Nadur	Nadur Christmas Market 2010	12,732	4,000
Paola ¹	Milied Imdawwal	14,480	4,000
Qormi	The Malta Springfest 2011	17,000	4,000
Sannat	Notte Scarlatta - L-Attakk tal-10 ta' Ottubru, 1942 f'Ta' Sannat	14,600	4,000
Żabbar ¹	Lejla fil-Belt Hompesch: A Festival of Arts, History and Culture	14,710	4,000
Żebbuġ (G)	Ilwien ir-Rebbieġha 2011	11,700	4,000
Żebbuġ (M)	NightFest@Ħaż-Żebbuġ 2011	40,000	4,000
Consortium A ²	Eight Edition of the Malta International Folk Festival	11,900	3,000
Cospicua	Dock Fest 2011	25,000	3,000
Għargħur	Milk Festival - a Celebration of Milk	9,500	3,000
Marsa	Xogħol, Ikel u Xorb matul il-Medda taż-Żminijiet	19,500	3,000
Marsascala	Ljieli Skalin	9,425	3,000
Mġarr	Festival Togħmiet Xitwin	11,000	3,000
Sigġiewi	Sigġiewi Annual Agrarian Show	10,000	3,000
St Paul's Bay	Festa tal-Bdiewa f'Burmarrad 2011	10,000	3,000
Attard	Festa Natura	14,620	2,000

Balzan	Jiem il-Gonna f'Hal Balzan	13,820	2,000
Bubaqra	Traditional Maltese Wedding	8,553	2,000
Kerċem	'Ta' Kerċem All year' Traditions Alive	18,300	2,000
Lija	Citrus and Harvest Festival	3,726	2,000
Luqa	Hal-Luqa, Niesha u Ġrajjietha	9,006	2,000
Santa Luċija (G)	Symphony of Light	8,510	2,000
Xlendi	Xalar ix-Xlendi	9,985	2,000
Paola	Notte a Casal Paola	5,714	1,000
Xlendi	Christmastime in Xlendi	2,552	1,000
Attard ¹	Floral Decorations for a variety of occasions	9,865	-
Birżebbuġa	Those were the days...	9,000	-
Bubaqra	Serata Musico-letterarja - Iż-Żurrieq u t-Tieni Gwerra Dinjija	3,108	-
Fgura	A day-long festival of Food, Music, Arts, Sports and Food Fighting	20,000	-
Għarb	Sagra San Demetrius Chapel	12,000	-
Għarb	Sagra Kappella taż-Żejt	21,400	-
Għaxaq	Carnival	3,000	-
Għaxaq	Għaxaqfest	7,000	-
Iklin	Sena Kulturali 2011	8,000	-
Iklin	Milied 2011	8,000	-
Kalkara	Commemorative concert for the visit of Pope Benedict XVI	2,400	-
Marsalforn	Festi Pawlini ġewwa Marsalforn 2011	8,077	-
Marsalforn	Fireworks Festival	13,000	-
Marsascalea	Arti fil-Beraħ	8,220	-
Mellieħa	Il-Festa ta` San Ġwann tal-Ħġejjeg	6,000	-
Mosta	Traditional Maltese Food Event	3,713	-
Mtarfa	Carnival Mtarfa 2011	5,000	-
Munxar	Eku mill-Munxar... Dari u llum - Festival ta' Baned	11,800	-
Nadur	Nadur Carnival 2011	19,110	-
Pembroke	Promoting our Local Heritage and our Social Diversity	6,720	-
Qormi	Il-Festival tal-Ħelu	5,000	-
Qormi	Qormi Carnival Band Parade	5,000	-
San Ġwann	Fiera tal-Ġbejniet - Jumejn ta' Tradizzjoni u Kultura Maltija	18,400	-
San Ġwann	Ballu tal-Karnival, Karnival fir-Rebbiegħa	21,350	-
Santa Luċija (M)	Anniversary of a Social Housing Project	12,929	-
Sigġiewi	Mixegħla tas-Salib tal-Għolja fil-Jiem tal-Ġimgħa l-Kbira	10,450	-
Sliema	Carnival in Sliema	5,000	-
St Julians	Il-Battalja tal-Kavallieri kontra t-Torok	18,000	-
St Paul's Bay	Milied Ħieni - Buġibba/Qawra/St Paul's Bay 2011	23,000	-
St Paul's Bay	Carnival - Buġibba/Qawra/St Paul's Bay 2011	22,800	-
Swatar	Bringing together the diversities of localities	n/a	-
Swieqi	L-Art is-Saqwija... Iġġedded l-Imġhoddi	9,400	-
Vittoriosa	Festival of Maltese Traditional Games and Music	11,550	-
Vittoriosa	Ħamis l-Xirka fid-Dawl tax-Xemgħa 2010	15,055	-
Xagħra	Promoting the identity of Xagħra through various activities	15,000	-
Xewkija	Xewkija Carnival Festival 2010	21,500	-
Żebbuġ (M)	The Fiftieth Anniversary of the death of Dun Karm Psaila	25,000	-
Total		1,563,398	267,500

Notes:

1. The amount cited under 'Project estimate' is actually the amount requested by the corresponding LC. This information was not available with respect to all other applications presented in the Table.
2. Consortium A was composed of the Cospicua, Tarxien and Żebbuġ (M) LCs.

- 4.10.16 Due to the limited information made available to this Office, the NAO was unable to verify the basis for the allocation of funds. Information deemed essential in this regard was the application of the criteria set in the guidance notes to the applications received. In this sense, no indication of the marks awarded to each proposal and whether these influenced the amount of funds allocated was outlined by the Evaluation Committee. The only information available was whether the proposals were accepted or rejected and the funds allocated thereto. Queries addressed to the Chair of the Evaluation Committee did not provide any insight into the basis of the selection. When queried on this matter, the Assistant Director DLG made reference to the criteria established in the guidance notes and indicated that the eligibility of applications would be determined according to these criteria. This shortcoming was compounded by the fact that the criteria outlined in Memo 95/2010 were subsequently changed considerably. It is in this context that the statement in the Evaluation Committee report – that approved applications adhered to the criteria established – was considered inconsistent by the NAO.
- 4.10.17 Events that were selected for funding fell within the revised dates stipulated by the Evaluation Committee. The NAO noted that the events organised by the Marsa, Paola, San Lawrenz and St Paul's Bay LCs were scheduled for the first fortnight in September, which was not originally part of the applicable period, yet was eventually incorporated following revisions by the Evaluation Committee. While allocations on a per project basis did not exceed the €10,000 threshold, the aggregate grants made to the Floriana and Mellieħa LCs did exceed this limit. Cited in the evaluation report was the fact that, in adjudicating multiple proposals submitted by the same LC, the Evaluation Committee selected projects that it considered as having most impact in economic terms.
- 4.10.18 With respect to the 37 applications that were not approved for funding, the reasons cited in the evaluation report related to insufficient innovation or the failure to effectively promote the traditional and cultural aspects of the locality. This justification was broadly applied, with no specific details substantiating the individual cases of rejection indicated. When queried on this point, the Policy Coordinator within the Parliamentary Secretariat for LCs stated that the Evaluation Committee had assigned notable weight to innovation, which aspect was overlooked in a number of submissions. Other proposals were not in character with the locality, even though the Committee encouraged LCs to capitalise on the character and traditions prevalent in their locality. On the other hand, the Assistant Director DLG stated that the marks assigned to activities varied from one activity to another. For instance, an application for a day event involving multiple entities and numerous activities would be more favourably considered than an application for a band concert.
- 4.10.19 The NAO noted that while the Evaluation Committee report was dated 16 March 2011, the letters of acceptance and rejection had been sent by the DLG on 22 December 2010. This Office reviewed correspondence sent to this effect retained on file. Documentation made available to the NAO indicated that, of the 92 applications, 76 were informed of the outcome of evaluation, with 43 acceptance letters (out of a possible 55) and 33 rejection letters (out of a possible 37) sent. In the absence of other documentation, the NAO could not ascertain whether correspondence was sent with respect to all the applications adjudicated. When queried on this matter, the Policy Coordinator within the Parliamentary Secretariat for LCs and the Assistant Director DLG stated that all LCs had received correspondence in respect of this scheme and if this correspondence was not on file, it may have been misplaced.

4.10.20 By means of the letters of acceptance sent, the selected LCs, ACs and the consortium were notified of the selection of the proposed initiatives for funding and the grant to be allocated in this respect. Stressed in this correspondence was the fact that the activity was to be held on the dates specified in the application, again stated in this letter. Other conditions stipulated in the letter of acceptance included that:

- a. in every promotion of the activity, the LC was to indicate that the activity was being organised in collaboration with the Parliamentary Secretariat for LCs and the MTA;
- b. prior to issuance, promotional material was to be forwarded to the Parliamentary Secretariat for LCs and the MTA for approval; and
- c. after the event, LCs were to forward to the DLG a schedule of the expenses incurred, duly endorsed by the Executive Secretary, and a schedule of payments authorised by the council.

4.10.21 The rejection letters sent merely informed the unsuccessful LC or AC that the Evaluation Committee had decided not to allocate financial assistance to the proposed initiative. As stated earlier, these letters did not provide any details of the reasons for rejection. When queried on this matter, the Policy Coordinator within the Parliamentary Secretariat for LCs stated that the reasons for rejection were not cited in the letters of rejection due to time constraints. On the other hand, the Assistant Director DLG stated that the Department's officials would meet with LCs after the adjudication process if the council requested further information in this respect. In fact, a number of LCs had raised queries with the DLG. In response, the DLG had reiterated that stated in the evaluation report, essentially, that the projects were not sufficiently innovative or did not promote the traditional and cultural aspects of the locality.

Chapter 5

Schemes launched in 2011

Chapter 5 – Schemes launched in 2011

5.1 Memo 55/2011: Skema ta' Finanzjament għall-Proġetti u Inizjattivi mill-Kumitati Amministrattivi fil-Lokalitajiet Tagħhom

- 5.1.1 Memo 55/2011, issued on 9 June 2011, was aimed at supporting ACs through the financing of projects and initiatives undertaken in their localities. Noted was the fact that ACs had been established a year earlier. In order to be deemed eligible for funding under this scheme, proposed projects and initiatives were to relate to the responsibilities under the direct control of ACs. Applications submitted could include more than one project; however, requests for funding were capped at €20,000. Applicants were required to ensure that all necessary permits were in hand or were in the final stages of being obtained. Also stipulated in Memo 55/2011 was the fact that approved projects and initiatives were to commence in 2011 and be completed within 12 months from the date of grant. A standard application form was appended to the Memo, which was to be submitted by 29 July 2011.
- 5.1.2 Information that was to be submitted through the application form comprised details of the project or initiative, a financial estimate of the costs involved and an indication of the anticipated initiation and completion dates. The application form was to be signed by the Chairperson of the AC and the corresponding LC's Executive Secretary.
- 5.1.3 The NAO was not provided with the applications received by the DLG with respect to this scheme and therefore could not ascertain whether submissions were made within the stipulated timeframe. Notwithstanding this, following the review of working papers retained by the DLG, this Office established that 14 applications were received. The cumulative funds requested amounted to €375,653.
- 5.1.4 It was not possible for the NAO to establish whether the submissions made satisfied the permit-related requirements. The only information retained in this regard by the DLG were the aforementioned working papers, which indicated whether permits were required and submitted. In six cases, the requirement or otherwise of a permit was clearly indicated; however, in the remaining eight cases, this matter was unclear, necessitating further queries with the Policy Coordinator within the Parliamentary Secretariat for LCs and an official within the Schemes Unit DLG. According to these officials, in six of these cases, no MEPA permit was required. The application put forward by the Bubaqra AC remained somewhat ambiguous, as the DLG official indicated that a permit was not necessary, while the Policy Coordinator claimed that

a permit was obtained when funding was secured. With respect to the Baħar iċ-Ċagħaq AC submission, the Policy Coordinator claimed that since funds were granted, then this implied that the permit had been provided. Notwithstanding this, the NAO was unable to verify any of these assertions against substantiating documentation.

5.1.5 This Office was not provided with the letters of appointment of the Evaluation Committee members. However, the NAO did establish the composition of the Committee through its evaluation report. In this sense, the Evaluation Committee was composed of the Director DLG as Chair, a Policy Coordinator within the Parliamentary Secretariat for LCs and an official from the Schemes Unit DLG as members, and another Department official as Secretary to the Committee. Queries addressed to the Chair of the Evaluation Committee elicited a contradictory reply, as he claimed that he was not involved in the decision-making process leading to the award of funds under this scheme. The Chair indicated that his role was that of ensuring that the DLG had sufficient funds available to cover disbursements made under this scheme.

5.1.6 The NAO was not provided with minutes of meetings held by the Evaluation Committee, yet was furnished with the Committee's evaluation report. The report, dated 11 October 2011, was signed by all Committee members and reiterated the conditions regulating the award of funds specified in Memo 55/2011. Cited in the report was the fact that the Committee had reviewed all 14 applications and approved the maximum allocation of €20,000 except for cases where the request was for less than this amount. In this context, the cumulative funding allocated under this scheme was €279,752 (Table 32 refers). It was noted that the St Peter AC was the only Committee that indicated that additional funding, amounting to €10,000, was to be obtained from its respective LC, that is, the Żabbar LC.

Table 32: Allocation of funds to ACs (Memo 55/2011)

AC	Project	Amount requested (€)	Funding from LCs (€)	Approved funding (€)
Baħar iċ-Ċagħaq	Pavements in various streets	62,000	-	20,000
Baħrija	Resurfacing of two roads	21,766	-	20,000
Burmarrad	Resurfacing of Triq Busewdien	20,392	-	20,000
Fleur de Lys	Refurbishing of Ġnien ta' Fleur de Lys	25,000	-	20,000
Gwardamanga	Embellishment of police station	23,617	-	20,000
Ħal Farruġ	Resurfacing of Triq id-Daqquqa Kaħla	27,000	-	20,000
Marsalforn	Embellishment of Triq il-Wied	20,000	-	20,000
Santa Luċija	Reconstruction of alleys in Triq Santa Luċija	20,000	-	20,000
St Peter	Reconstruction and resurfacing of Triq il-Marżep	43,482	10,000	20,000
Swatar	Embellishment of Swatar playing field	26,960	-	20,000
Tal-Virtù	Pavements in Triq Francesco Azzopardi	25,684	-	20,000
Xlendi	Embellishment of Triq il-Kantra	20,000	-	20,000
Bubaqra	Resurfacing of Triq Goswolda Calleja	19,952	-	19,952
Madliena	Embellishment of Belvedere, Għoljiet il-Madliena	19,800	-	19,800
Total		375,653	10,000	279,752

5.1.7 Letters of acceptance, dated 7 November 2011, were distributed to the 14 ACs during an event held to mark the launch of this scheme. Copies of all letters of acceptance sent were provided to this Office. In this correspondence, the ACs were informed that funds would be allocated on completion of the project and once the necessary invoices, fiscal receipts and payment schedules were presented to the DLG.

5.2 Memo 65/2011: Skema dwar Inizjattivi ta' Attivitajiet 2012

- 5.2.1 The DLG issued Memo 65/2011 on 28 July 2011. This scheme was aimed at incentivising LCs and ACs to organise activities within their locality. More specifically, Memo 65/2011 was one of the measures that Government was undertaking in the context of sustainable development and aimed at promoting the cultural heritage of localities through traditional activities and support afforded to local artists. Appended to the Memo was an application form that was to be utilised in submissions made. Applications put forward by LCs and ACs were to be made through their respective RC. An application form that was to be completed by the RC, effectively combining all submissions put forward by LCs and ACs within the region, was also appended to the Memo. The deadline for the submission of applications was set at 31 August 2011.
- 5.2.2 The guidance notes appended to the Memo indicated that the budget allocated to this scheme was €250,000. This budget was to assist localities in the organisation of cultural events throughout the year. The DLG recognised the need to diversify, reduce seasonality and provide a better distribution of tourism-generated income within localities. In fact, this scheme was aimed at increasing awareness of Malta's cultural diversity as well as serve to boost tourism in months of low activity. This was to be achieved through the implementation and promotion of cultural activities, the creation of opportunities for the showcasing of local craftsmanship and the work of artists, as well as through the adoption of an inclusive approach towards attracting a wide range of audiences. This document served to guide LCs in the identification of eligible projects and interventions, as well as in the eventual implementation of the approved proposals.
- 5.2.3 The guidance notes listed three general objectives of the scheme, the first being the achievement of positive socio-economic impacts from the proper development and promotion of the proposed cultural initiatives. The second objective related to the acknowledgement and enhancement of the communities' ways of life, while also ensuring that projects were not in conflict with their localities' natural, social and cultural character and, where possible, ensuring an elaboration on past cultural activities so as to ensure creativity and innovation of ideas. The third and final objective was to instil a collaborative approach between LCs and other organisations, both public and non-governmental, while also encouraging synergies and the sharing of expertise and resources among all stakeholders in the design, implementation and management of initiatives. Also indicated were the national priorities that were to be addressed through this scheme. These included the development of Malta and Gozo's cultural programming on a local level, the address of tourism seasonality, the promotion of awareness regarding the evolving identities of local communities, and the introduction of a regional approach to the cultural calendar.
- 5.2.4 The guidance notes specified that each application submitted by the RCs was to contain a proposed programme of events organised by the LCs they represented. In this context, the RCs' role was to ensure that the dates and timings of the proposed events were evenly distributed across the eligible period. Six eligibility criteria were listed in the document and, in this sense:
- a. applicants were to submit proposals on the application form provided;
 - b. events proposed were to be held within the locality/region of the LC/RC submitting the proposal;
 - c. proposals were to highlight the local character that defined the communities;
 - d. proposals were to emphasise the artistic content and outcomes of the initiative;

- e. proposals were to ensure a high level of community engagement through the involvement of at least one local organisation per participating locality (excluding the LC); and
- f. events proposed were to be held between 1 December 2011 until 30 June 2012 and 1 September 2012 until 31 December 2012.

5.2.5 RCs were eligible for a maximum allocation of €10,000 per participating locality; however, the total allocation per RC was to be determined by the quality, sustainability and viability of the proposed initiatives. The final allocation was at the discretion of the scheme's managers. The guidance document provided applicants with specific steps that were to be taken by the LCs and RCs in order to apply for funding through this scheme.

5.2.6 Applications were to include an overview of the proposed event that clearly described the project to be organised, how it was going to affect the community and reflect the local character, as well as its relevance to the locality and region. Applicants were to also indicate the intended target audiences, details relating to partner organisations involved and the marketing plan for the proposed event. Information regarding financial data was to be submitted, which comprised the amount of funds requested, the funding available from other sources, as well as that allocated from the LC's budget. Supporting documentation relating to the anticipated costs was to be appended to the application form.

5.2.7 As noted earlier, LCs and ACs were to submit their applications to their respective RCs. On receipt of all the applications from the various LCs and ACs within the region, the RC was to complete another application form and submit it to the DLG. RCs were required to provide an overview of the programme of the region, describing the events being organised and their link to the region's identity. RCs also had to describe how their programme of events would target the tourism shoulder months while simultaneously engaging the widest audience possible. RCs were to present the proposed cultural programme of the region, listing the events being organised in chronological order and provide the budget corresponding to each event held within the region.

5.2.8 According to working papers retained by the DLG, 79 applications were received with respect to this scheme. These applications were submitted by 53 LCs, seven ACs and a RC. The Floriana, Kirkop, Mgarr, Rabat (G), Siġġiewi, St Paul's Bay, Valletta, Vittoriosa, Xagħra and the Żebbuġ (M) LCs all submitted two applications, the Paola LC, Qormi LC and the Fleur de Lys AC submitted three, while the Mellieħa LC submitted four. On the other hand, the Attard and Balzan LCs submitted a joint application in respect of this scheme. In total, the estimated cost of the 79 proposals submitted amounted to €1,061,013. The NAO was not provided with copies of the applications and supporting documentation submitted by the LCs, ACs and RC, despite requests to this effect addressed to the DLG. Hence, this Office was constrained to rely on figures cited in working documents retained by the DLG and in the evaluation report. In view of this shortcoming, the NAO was unable to verify whether the applications were received within the stipulated timeframe. However, based on information presented in working documents, this Office noted that the submissions by the Xagħra and Żabbar LCs were received past the deadline, that is, on 27 September 2011 and 28 September 2011, respectively.⁸ The Baħar iċ-Ċaġħaq AC application

⁸ The NAO noted that the submissions made by the Mellieħa and Munxar LCs, the Xlendi AC and the Gozo RC (in respect of its application and also in its capacity as the regional representative of the Għajnsielem, Għarb, Kerċem, Rabat (G) and Sannat LCs, as well as the Santa Luċija AC) were submitted a matter of minutes past the noon deadline.

was also classified as a late submission; however, the precise date of receipt was not indicated and could not be established by this Office in view of the lack of documentation provided. Moreover, in view of the fact that applications were not provided, this Office could not establish whether the requirement for submissions to be made through the respective RCs was adhered to, or otherwise.

5.2.9 The NAO did not obtain letters of appointment of the Evaluation Committee members. This Office did establish the composition of the Committee through its evaluation report. In this sense, the Evaluation Committee was composed of the Director DLG, an official from the Schemes Unit within the Department, two representatives of the MTA, an official from the Department of Culture and another DLG official as Secretary. Furthermore, it must be noted that the NAO was not provided with any minutes of meetings held by the Evaluation Committee and was constrained, in its analysis, to rely on working papers retained by the DLG as well as an unsigned evaluation report. Attempts to source a signed copy of the report proved futile.

5.2.10 An unsigned copy of the Evaluation Committee report corresponding to this scheme, dated 10 January 2012, was noted on file. According to the report, 74 applications were selected for funding. The cumulative cost of all projects applied for amounted to €1,782,284, while the requested funding was that of €1,061,013. The funds allocated to the selected projects amounted to €334,900, therefore exceeding the budgeted amount of €250,000 by €84,900 (Table 33 refers). The five applications that were not awarded funds were deemed ineligible by the Evaluation Committee. However, the NAO noted that the basis of ineligibility was not specified.

Table 33: List of projects, funds requested and granted (Memo 65/2011)

LC / AC / RC	Project	Project estimate (€)	Funding from other sources (€)	Funding from LCs (€)	Funds requested (€)	Approved funding (€)
Floriana	Malta New Year's Eve Celebration	48,018	2,500	35,518	10,000	10,000
Għajnsielem	Bethlehem in Għajnsielem 2011-2012	30,000	-	20,000 ¹	10,000	10,000
Kirkop	Sculpture Symposium and Festival	137,660	-	-	137,660	10,000
Mdina	Medieval Mdina	39,100	25,000	4,100	10,000	10,000
Mellieħa	Milied Mellieħi 2011	21,000	5,000	16,000	21,000	10,000
Mellieħa	Iljieli Mellieħin 2012	28,000	8,000	20,000	28,000	10,000
Qala	Qala Folk Festival 7th Edition	50,500	10,000	15,500	25,000	10,000
Rabat (M)	Rabat Arts Festival	30,000	5,000	5,000	20,000	10,000
St Julians	Il-Festa ta' Lapsi	20,000	-	3,500	20,000	10,000
Valletta	Valletta NYE 2011	150,000	130,000	10,000	10,000	10,000
Żejtun	The Olive Fest 2012	38,000	3,000	10,000	25,000	10,000
Naxxar	Promote tourism through culture	41,550	9,700	21,850	10,000	9,000
Cospicua	Bormla Culturefest 2012	25,414	9,414	6,000	10,000	8,000
Senglea	Cultural Expressions	50,000	-	2,500	10,000	8,000
Vittoriosa	BirguFest 2012	40,800	15,000	5,800	20,000	7,500
Fontana	Fontana Fireworks Festival	20,000	-	-	20,000	7,000
Rabat (G)	New Year in the City	33,000	2,500	14,500	16,000	7,000
Rabat (G)	Victoria International Arts Festival	60,000	50,000	-	10,000	7,000
Sliema	Sliema Past and Present Arts Festival	30,225	-	3,000	27,225	7,000

Xewkija	Fiori d'Argenta	41,800	5,000	10,000	26,800	7,000
Fgura	Fgura Arts and Food Fighting Festival	30,000	-	5,000	25,000	6,000
St Paul's Bay	Welcome Spring Festival	9,899	900	-	8,999	6,000
Nadur	Nadur Christmas Market	14,000	2,000	4,000	8,000	5,500
Floriana	Mechanised Ground Fireworks Festival	24,705	2,000	12,705	10,000	5,000
Hamrun	Hamrun Chocolate Festival	17,200	3,600	3,600	10,000	5,000
Paola	Christmas at Casal Paola 2011	14,715	2,215	2,500	10,000	5,000
Paola	Notte a' Casal Paola	9,000	1,000	1,000	7,000	5,000
Żabbar	Festival of Arts, Culture, Entertainment	16,560	-	4,000	12,560	5,000
Żebbuġ (G)	Ilwien ir-Rebbiegħa	20,000	-	8,000	12,000	5,000
Żebbuġ (M)	Nightfest	40,000	-	15,000	25,000	5,000
Baħar iċ-Ċagħaq	Ice Cream Fest	11,300	500	800	10,000	4,000
Burmarrad	Farmers' Feast in Burmarrad 2012	10,000	-	5,000	5,000	4,000
Dingli	Agrarian and Traditions Exhibition	16,300	2,300	5,000	9,000	4,000
Fleur de Lys	Wignacourt Arts 2012	8,000	-	-	8,000	4,000
Marsalforn	Ġmiel ir-Rebbiegħa	14,000	-	6,000	8,000	4,000
Qormi	Springfest 2012	14,300	1,500	-	12,800	4,000
Qormi	Night at Casal Fornaro	8,000	-	-	8,000	4,000
Qrendi	Potato Festival	12,000	-	-	12,000	4,000
Santa Luċija (G)	Symphony of Light	9,160	-	-	9,160	4,000
Siġġiewi	Siġġiewi Annual Agrarian Show	12,000	-	4,000	8,000	4,000
Xlendi	Calendar of activities	20,000 ²	-	-	20,000	4,000
Għarb	Seħer il-Punent	31,510	5,000	16,510	10,000	3,000
Kirkop	Irkotta Fest 2012	15,000	3,000	3,000	9,000	3,000
Marsa	Xogħol, Ikel u Xorb	15,000	-	5,000	10,000	3,000
Marsascala	Iljieli Skalin	11,000	-	6,000	5,000	3,000
St Paul's Bay	The Wignacourt Tower Festival	25,000	-	5,000	20,000	3,000
Xagħra	Festival tat-Tin 2012	15,000	7,000	-	8,000	3,000
Kerċem	Festubru	6,850	-	-	6,850	2,500
Valletta	Reviving Valletta	13,500	3,500	-	10,000	2,500
Xgħajra	Festa Lapsi fix-Xgħajra 2012	10,750	750	-	10,000	2,500
Birżebbuġa	Enjoying Traditional Games	5,000	-	-	5,000	2,000
Bubaqra	Traditional Maltese wedding	6,985	-	1,000	5,985	2,000
Gudja	Special Night at Gudja	6,500	1,000	500	5,000	2,000
Lija	Citrus Festival	3,457	-	1,000	2,457	2,000
Luqa	Hal Luqa, Niesha u Ġrajjietha 2012	15,000	-	-	15,000	2,000
Mġarr	Strawberry Fest	27,000	20,000	-	7,000	2,000
Mqabba	Mqabba through the Ages	10,730	-	1,000	9,730	2,000
Mtarfa	Military and Adventure Mtarfa	18,000	1,000	1,000	16,000	2,000
Munxar	Eku mill-Munxar Dari u Ilum	13,430	-	-	13,430	2,000
Pembroke	Promoting local heritage / diversity	11,000	1,000	2,000	8,000	2,000
Sannat	Notte Scarlatta	16,791	600	1,459	14,732	2,000
Żebbuġ (M)	Carnival at Żebbuġ	20,000	-	10,000	10,000	2,000
Għargħur	Milk Festival – A Celebration of Milk	13,000	3,250 ³	3,250 ³	6,500	1,500
Mġarr	Festival Hidmet Missirijietna	5,000	2,000	-	3,000	1,500
Attard & Balzan	Fruit Fest	10,000	-	-	10,000	1,000
Birkirkara	Malta Pop Star Talent Special	13,000	-	3,000	10,000	1,000
Fleur de Lys	Carnival in Fleur de Lys and Birkirkara	13,000	-	3,000	10,000	1,000

Fleur de Lys	15-minute play Festival 2012	2,000	-	-	2,000	
Gozo (RC)	Commemorating Gozo Day	5,000	-	-	5,000	1,000
Mosta	Documentary Il-Miraklu tal-Mosta	10,000	-	-	10,000	1,000
Pietà	Fire and Water Display	10,000	2,500	2,500	5,000	1,000
Vittoriosa	Vittoriosa Musical Maestro	66,000	26,000	10,000	30,000	1,000
Sigġiewi	Semi Classical concert	2,250	-	1,125	1,125	900
Xagħra	Feast of St Anthony the Abbot	2,000	-	-	2,000	500
Iklin	Oratorju Kristu Sultan	20,000	-	2,000	18,000	-
Mellieħa	Festa tal-Ħugġieġa ta' San Ġwann	6,000	-	6,000	6,000	-
Mellieħa	Milied Mellieħi 2012	21,000	5,000	16,000	21,000	-
Paola	Christmas at Casal Paola 2012	15,325	2,825	2,500	10,000	-
Qormi	The Qormi Carnival Band Parade	5,000	-	-	5,000	-
Total		1,782,284	380,554	382,717	1,061,013	334,900

Notes:

1. The Għajnsielem LC indicated that it had allocated between €15,000 to €20,000 to this event.
2. The Xlendi AC indicated that the budget for the calendar of events could have increased, depending on the annual budget it was allocated.
3. The Għargħur LC provided a global amount of €6,500 in respect of funds that were to be obtained from the LC and from other sources.

5.2.11 The evaluation report reproduced the salient aspects relating to the scheme, as highlighted in Memo 65/2011 and its corresponding guidance notes, outlining the objectives, eligibility criteria and the process of adjudication. The NAO is of the opinion that the evaluation report merely provides a description of the scheme, applications received and amounts allocated, without presenting any form of critical input or analysis relating to the process of selection. This Office noted no marking criteria, no basis substantiating the amount of funds allocated, a departure from the financial conditions originally specified and other related shortcomings, elaborated on hereunder.

5.2.12 With regard to the financial conditions, the €10,000 capping per locality originally indicated in Memo 65/2011 was reiterated in the evaluation report. However, the NAO noted that this provision was not adhered to in multiple instances, namely, in allocations made to the Floriana LC (€15,000), Kirkop LC (€13,000), Mellieħa LC (€20,000), Rabat (G) LC (€14,000) and Valletta LC (€12,500). Queries directed to the Chair of the Evaluation Committee, the Director DLG, were unsatisfactorily addressed, making reference to the fact that funds for these schemes were allocated from a below-the-line account, which the DLG was instructed to utilise for the benefit of LCs.

5.2.13 Another condition established in this respect related to the limitation in terms of the number of initiatives that could be funded, set at two per LC. The official within the Schemes Unit DLG, who was a member on the Evaluation Committee, indicated that this condition was the basis for the rejection of four proposals put forward by the Mellieħa (2), Paola and Qormi LCs, as these Councils already had two applications that were approved by the Committee. The remaining application not awarded funds was that submitted by the Iklin LC. When queried on this point, the DLG official stated that the proposal was related to a religious activity and the DLG did not fund projects of this nature.

- 5.2.14 Further noted in the evaluation report was the fact that submissions put forward by ACs were to be considered separately and not as part of the LC that they pertained to. This provision was adhered to by the Committee in its evaluation of proposals submitted by ACs.
- 5.2.15 Cited in the evaluation report was the fact that the allocation of funds was to be determined by the quality, sustainability and viability of each initiative. This Office noted that no reasons for the selection of projects or the basis for the allocation of funds were provided in the report. The only information presented in the report was a list of the approved projects and their respective funding amount, as well as a list of the ineligible projects. It was also noted that no marking system was applied when selecting the projects, hence rendering impossible this Office's efforts at understanding how the principles of quality, sustainability and viability were applied.
- 5.2.16 On a per project basis, the allocation of funds ranged from three per cent to 100 per cent of the total amount requested. The Vittoriosa LC was awarded three per cent of funds requested with respect to one of its applications (as this LC was awarded other funds with respect to another project), while allocations equivalent to 100 per cent were made to the Floriana, Għajnsielem, Mdina and Valletta LCs. On the other hand, if one were to set the €10,000 capping as equivalent to a 100 per cent funding, then the grants made to the LCs ranged from 10 per cent to 200 per cent. The LCs of Attard, Balzan, Birkirkara and Mosta were allocated 10 per cent of the maximum permissible grant, while those of Mellieħa (200 per cent), Floriana (150), Rabat (G) (140), Kirkop (130) and Valletta (125) were awarded funds in excess of the €10,000 capping per locality.
- 5.2.17 Although the evaluation report was dated 10 January 2012, correspondence reviewed by the NAO indicated that the selection of proposals had already been concluded by 19 December 2011. In fact, in an email addressed to PS LC by a Policy Coordinator within the Secretariat, dated 19 December 2011, it was stated that 13 activities had been erroneously deemed ineligible by the Evaluation Committee. In this context, the approval of the PS LC was sought with respect to the proposed funding as indicated in the email sent by the Policy Coordinator. The PS LC authorised the allocation of grants with respect to these 13 applications, amounting to €58,400, on 19 December 2011 (Table 34 refers). These revisions were reflected in the evaluation report. When queried in this regard, the PS LC indicated that the Evaluation Committee had inadvertently deemed ineligible all activities scheduled for June and September, when this period fell within the period stipulated in Memo 65/2011. The PS LC reiterated that the only ineligible activities should have been those organised in July and August. In this context, the PS LC drew the Evaluation Committee's attention to this oversight. Although the PS LC confirmed that he was responsible for drawing the Committee's attention to this matter, he maintained that he was not involved in determining the amounts to be allocated, citing that this was the responsibility of the Committee.

Table 34: Revised funding allocation (Memo 65/2011)

LC / AC	Project	Approved funding (€)
Fontana	Fontana Fireworks Festival	7,000
Rabat (G)	Victoria International Arts Festival	7,000
Sliema	Sliema Past and Present Arts Festival	7,000
Xewkija	Fiori d'Argenta	7,000
Fgura	Fgura Arts and Food Fighting Festival	6,000
Paola	Notte a' Casal Paola	5,000
Baħar iċ-Ċagħaq	Ice Cream Fest	4,000
Burmarrad	Farmers' Feast in Burmarrad 2012	4,000
Xlendi	Calendar of Activities	4,000
Marsascala	Iljieli Skalin	3,000
Birżebbuġa	Enjoying Traditional Games	2,000
Mġarr	Festival Ħidmet Missirijietna	1,500
Sigġiewi	Semi-classical Concert at Il-Knisja l-Qadima	900
Total		58,400

5.2.18 Letters of acceptance were sent to the LCs, ACs and RC successful in sourcing funds under this scheme. All letters of acceptance, bar one corresponding to a project by the Valletta LC, were on file. However, the NAO noted that this correspondence was submitted in batches, with a number of letters sent on 18 November 2011 and others on 28 December 2011. This was deemed anomalous by this Office as the evaluation report was dated 10 January 2012. Conditions stipulated in the letter of acceptance included that:

- a. in every promotion of the activity, the LC was to indicate that the activity was being organised in collaboration with the Parliamentary Secretariat for LCs and the MTA;
- b. prior to promoting the activity, promotional material was to be forwarded to the Parliamentary Secretariat and the MTA for approval; and
- c. after the organisation of the event, LCs were to forward to the DLG a schedule of the expenses incurred, duly endorsed by the Executive Secretary, and a schedule of payments authorised by the council within six months from the date of event.

5.2.19 Of note was the fact that, according to the evaluation report, the Mqabba LC was to be awarded a grant of €2,000 for its activity Mqabba through the Ages; however, in the letter of acceptance it was noted that the LC was granted €3,000 for this activity. No documentation in respect of this upward revision was found on file. Moreover, no letters of rejection with respect to any of the applicants of the rejected proposals were found on file.

5.2.20 Of greater concern to the NAO was correspondence submitted by the Mellieħa LC on 2 January 2012, addressed to the PS LC. This correspondence made reference to an attached letter; however, this attachment was not retained on file. Notwithstanding the incomplete documentation, the subsequent correspondence exchanged on the matter indicated that the Mellieħa LC had requested additional funds for the production of a film titled 'Imħabba fuq l-Għolja'. On 4 January 2012, the PS LC informed the Mellieħa Mayor that the Secretariat was awarding a grant of €5,000

in this respect. The LC was requested to forward the receipts of expenses incurred for eventual reimbursement. Of note was the fact that the Mellieħa LC had already been granted a financial allocation of €20,000 by the Evaluation Committee. In correspondence, dated 6 January 2012, sent by an OPM official to the Director DLG and copied to PS LC, it was requested that the Mellieħa proposal be included in the list of activities relating to this scheme.

- 5.2.21 Other correspondence exchanged between DLG officials on 2 February 2012 indicated that the Vittoriosa LC activity, titled Vittoriosa Musica Maestro, had been withdrawn. Similarly withdrawn was an activity originally proposed by the Valletta LC, which had been allocated €2,500 in funding. However, in this case, funding was withdrawn by the Evaluation Committee on 26 March 2012 due to the fact that the LC failed to inform the DLG of the rescheduled date of the event.
- 5.2.22 On 9 May 2012, the Baħar iċ-Ċagħaq AC informed a DLG official on the Evaluation Committee that the Ice Cream Fest had to be cancelled due to a low rate of interest shown by suppliers and the AC's inability to source the necessary equipment. In this correspondence, the AC requested the Committee's authorisation to utilise the allocated funds for another activity. The DLG official reverted on 10 May 2012, stating that the Evaluation Committee had no objection to the AC's request, provided that the AC furnished the DLG with further details, plans and dates of the proposed activity for the Committee's approval. On 4 June 2012, the AC provided further details with regard to the proposed activity. The AC planned to organise this activity on 27 and 28 July 2012, that is, not within the timeframe stipulated in Memo 65/2011. The DLG official submitted a reply on 11 June 2012, wherein it was indicated that the Evaluation Committee had approved the AC's request.
- 5.2.23 Other events scheduled outside the stipulated dates were those organised by the Mellieħa LC and Xlendi AC. Based on the review of working documents retained by the DLG, the NAO noted that the activities organised by the Xlendi AC, with respect to its calendar of events, were held during July and August 2012. Similarly, the Iljieli Mellieħin activity was held in August 2012, despite the Council's indication that the event was planned for 9, 10 and 11 September 2012. In both instances, the events were not held within the timeframe indicated in Memo 65/2011.
- 5.2.24 In another case, the Mosta LC was allocated €1,000 for a 60-minute documentary titled 'Il-Miraklu tal-Mosta'. However, following the LC elections and the appointment of new members on the Council, it was decided that this project be discontinued due to the adverse financial situation of the LC. Although, on 12 July 2012, the Mosta LC suggested the utilisation of allocated funding for another event, this proposal was rejected by the Evaluation Committee on 13 July 2012. The reason for rejection cited by the Evaluation Committee was that the proposed project, A 360 Degrees Photography of Various Historic and Cultural Places in Mosta to be used on the Council's Website, did not relate to the scheme and allowed for the proposal of another activity.
- 5.2.25 Aside from the withdrawal of the Valletta and Vittoriosa LCs, the NAO noted similar developments with respect to the proposal put forward by the Sliema LC. In this case, on 25 October 2012, the Sliema LC informed the DLG that it was withdrawing from the scheme.

5.3 Memo 87/2011: Skema ta' Finanzjament ta' Proġetti Speċjali 2011

- 5.3.1 Memo 87/2011 was issued on 20 September 2011 and was intended to incentivise the implementation of creative projects in localities. The DLG was to award grants amounting to a maximum of €25,000 to the best seven projects proposed by LCs. Interested LCs were to complete an application form, appended to the Memo, which was to be signed by the Mayor and Executive Secretary, and submitted by 20 October 2011. The application form was to include a short description of the proposed project, a financial estimate drawn up by the LC's architect, as well as the start and completion dates. Applicants were to ensure that any required permits were in hand or in the final stages of being approved. In cases where permits were not required, confirmation to this effect from the LC's architect was to be forwarded to the Department. Furthermore, the project applied for was to be completed within one year from award.
- 5.3.2 Following the review of working papers provided by the DLG, the NAO established that 40 applications were submitted with respect to this scheme, with 38 put forward by 37 LCs, one by an AC and another by the LCA. In aggregate, the applications put forward corresponded to projects estimated at €2,982,655, of which funding earmarked from other sources totalled €347,355 and that from LCs amounted to €1,270,945. This Office could not confirm the completeness of this information, as it was not provided with all of the application forms submitted. In fact, only 25 applications were made available. On the basis of information provided to the NAO, of the 25 applications reviewed, 12 submissions were unsigned. Furthermore, in determining whether these 25 applications were submitted within the stipulated timeframe, the NAO noted that four applications were undated, hence limiting verification in this respect, while two were submitted after the closing date. In the case of the proposal put forward by the Mdina LC, this Office was not provided with complete documentation relating to the submission.
- 5.3.3 The NAO was not provided with the letters of appointment of the Evaluation Committee members, yet established the composition of the Committee through its evaluation report. In this sense, the Evaluation Committee was composed of the Private Secretary to the Prime Minister, the Policy Coordinator within the Parliamentary Secretariat for LCs and an official from the Schemes Unit within the DLG. Furthermore, it must be noted that the NAO was not provided with any minutes of meetings held by the Evaluation Committee. When queried on this matter, the DLG official stated that the Committee met once to review the submitted applications and decided on the allocation of grants during this meeting. Nevertheless, the NAO was not provided with any supporting documentation substantiating these claims. In this context, this Office was constrained to rely on working papers retained by the DLG, as well as an undated and unsigned evaluation report in its analysis.
- 5.3.4 Cited in the evaluation report was the fact that the budget allocated for this scheme was reduced, due to financial constraints, to €100,000 as against the original maximum budget of €175,000. This Office noted that €101,300 was allocated to nine LCs, with grants ranging from €20,000 to €3,300 (Table 35 refers).

Table 35: List of projects, estimates and approved funding (Memo 87/2011)

LC / AC	Project	Requested funding (€)	Project estimate (€)	Funding from other sources (€)	Funding from LCs (€)	Approved funding (€)
Santa Luċija	Construction of an underwater reservoir	25,000	38,138	-	13,138	20,000
Kalkara	Resurfacing of Marina Alleys 1 and 2	25,200	25,200	-	-	15,000
Pietà	Village security	25,000	70,000	45,000	-	15,000
Rabat (G)	Skate park	25,000	25,643	-	-	15,000
Nadur	Reviving alleys	13,500	13,500	-	-	10,000
Siġġiewi	Works in the civic centre	n/a	350,000	-	300,000	10,000
Mdina	Placing of cannons in prominent places	n/a	12,834	-	-	8,000
Kerċem	Mechanical/electrical works in the civic centre	25,000	32,494	-	-	5,000
Fgura	Public art in the urban centre	6,315	6,315	-	-	3,300
Attard	Open air gym	5,000	5,110	-	110	-
Birkirkara	Sir Anthony Mamo monument	n/a	36,500	500	-	-
Floriana	Train monument	25,000	97,350	-	72,350	-
Fontana	Second stage of the civic centre	n/a	61,062	-	36,062	-
Għajnsielem	Paving of a staircase in Pjazza tad-Dehra	n/a	34,114	-	9,114	-
Għasri	Construction of part of a street	n/a	188,772	-	163,772	-
Għaxaq	Restoration of a tower	n/a	54,010	-	-	-
Kirkop	Safeguarding the well-being of children	25,000	25,000	-	-	-
Lija	Part-time Administrator for Lija Athletic FC	15,000	15,000	-	-	-
Lija	Culture and research	7,000	7,000	-	-	-
LCA	Young Enterprise - Project Philoxenia	20,000	25,000	-	5,000	-
Marsascala	Services of an air quality specialist	60,000	60,000 ¹	-	-	-
Mellieħa	Landscaping of a soft area	25,000	70,000	-	45,000	-
Mqabba	Energy saving lamps for social clubs/residents	n/a	25,000	-	-	-
Msida	Sweeping services	n/a	20,000	-	-	-
Munxar	Discovering the potential of the village core	25,000	211,078	70,000	14,160	-
Paola	Wied Blandun gardens	25,000	276,415	-	251,415	-
Qrendi	Extensive repairs in Triq it-Tempesta	25,000	59,139	-	34,139	-
Safi	Resurfacing of area adjacent to Ġnien ta' Ball	25,000	46,000	-	-	-
San Lawrenz	Resurfacing of Wied Merill	n/a	73,000	-	48,000	-
Senglea	Sanitary facilities at a public garden	22,967	22,967	-	-	-
St Julians	Accessibility to Balluta Bay	25,000	277,644	10,000	-	-
St Paul's Bay	Statue of St Paul	25,000	201,601	-	176,601	-
Sliema	The Globe – Europe's Southernmost Marker	n/a	38,000	13,000	-	-

Valletta	Valletta information panels	n/a	165,000	140,000	-	-
Xagħra	New pavements around the Nazzarenu Church	n/a	25,029	-	- ²	-
Xewkija	Reconstruction of sanitary facilities	25,000	110,190	-	85,190 ²	-
Xgħajra	Playing field, belvedere and sports facilities	25,000	26,200	1,200 ²	1,200 ²	-
Xlendi AC	Fountain in the bay	n/a	19,000	-	-	-
Żejtun	Wirt Storiku f'Misrah ir-Repubblika	25,000	40,694	-	15,694	-
Żurrieq	Public garden in Nigret Road/l. Xuereb Road	25,000	92,656	67,655	-	-
Total		599,982	2,982,655	347,355	1,270,945	101,300

Notes:

1. According to the application form submitted by the Marsascala LC, the project estimate was €20,000 per year for three years, hence amounting to a total of €60,000. The amount cited in the DLG workings was erroneously quoted as €20,000.
2. It was noted that the 'Funding from other sources' and 'Funding from LCs' corresponding to the Xagħra, Xewkija and Xgħajra LCs were incorrectly cited in the DLG working paper. Revised figures, based on the review of the Xewkija and Xgħajra LCs applications are presented in the Table. The application corresponding to the Xagħra LC was not provided to the NAO, hence this revision could not be verified.

5.3.5 Noted in the evaluation report was the consideration that the vetting process was rigorous in order to establish the applicants best suited in terms of project delivery. Also stated was the fact that the evaluation was limited to proposals for which all details had been submitted as stated in Memo 87/2011. Notwithstanding this, the evaluation report failed to provide any justification regarding the basis of selection of particular projects or why other projects were specifically rejected. The only information presented in the report was a list of the approved projects and their respective funding amount. When queried in this respect, the Policy Coordinator and the DLG official on the Committee provided the NAO with an element of explanation in the form of the principles employed in the selection of applications. Specific reference was made to the scope of the project and its potential impact, among others. However, it must be noted that these assertions were not supported by substantiating documentation illustrating the application of these principles by the Committee.

5.3.6 With respect to the projects that were not approved for funding, the NAO was provided with working papers that included a brief justification of the basis of rejection. However, this Office is of the opinion that the reasons put forward by the Evaluation Committee were not sufficiently detailed. For instance, the proposed sanitary facilities in a public garden located in Senglea, costing approximately €23,000, was deemed a valid idea; however, the Committee stated that the LC did not have the funds required to complete the project. The NAO deemed the grounds for rejection as unclear, as other proposals that were granted funds bore similar financing characteristics, with LCs failing to specify the funds that the council was allocating to the project. This Office noted that this reason for refusal was cited in a number of cases, even in instances when the LC specified the funding that was to be allocated by the council. When queried on this point, the Policy Coordinator stated that the Committee would have been aware of the financial position of the LCs. In this respect, the Committee would consider LCs that registered a deficit less favourably and not award funds due to the reduced likelihood of project completion. Similar justification was cited by the DLG official on the Committee, who made reference to the Għasri LC application as an example. In this sense, the Għasri LC had submitted a project costing €188,772, while indicating that the Council was to allocate €163,772. In view of the Council's limited budget allocation, due to its size, the Evaluation Committee deemed it impossible for the LC to secure the required funding for the proposed project.

- 5.3.7 The reason cited in various other proposals that were not awarded funds was that the proposed projects were either not applicable under the scheme, or had benefitted or could benefit from other schemes. This justification was cited with respect to the proposed enclosure of a playing area by the Kirkop LC, the engagement of an air quality specialist by the Marsascala LC and research relating to war shelters that was to be commissioned by the Lija LC, among others. When queried on this point, the Policy Coordinator and the DLG official on the Committee stated that in the case of the Kirkop LC application, the Evaluation Committee was of the understanding that the Council could have benefitted from another scheme specifically relating to playing fields. The DLG official cited other examples of projects that were rejected on grounds of ineligibility under the scheme. In this respect, the Lija LC requested funds for the remuneration of a football club employee, which proposal was deemed unacceptable by the Committee. Another example included the proposal for a monument to be erected by the Sliema LC, which was rejected as the Committee did not intend to allocate funds for such projects. Furthermore, an application in respect of street sweeping submitted by the Msida LC was rejected on grounds that there was a specific tender for such services, whereas a project for repair works to be carried out on an arterial road proposed by the Qrendi LC was rejected as this fell under the remit of central government. Although the explanations provided were considered valid in justifying the Committee's decisions not to allocate funds, the NAO is of the opinion that more detailed explanations would have provided a documented and clear understanding of the basis for the rejection of particular projects.
- 5.3.8 The justification for rejection put forward with respect to five other submissions was that project costs were too high and funds available were not sufficient to cover these projects. The estimated cost of these projects ranged from €46,000 to €277,644. Although the Evaluation Committee may have been justified in rejecting these applications, particularly in view of the Committee's insight into the financial position of the LCs, the NAO is of the opinion that reasons cited were insufficiently detailed, with documentation available not adequately illustrating the basis for rejection. In coming to this conclusion, the NAO also considered instances where funds from other sources had already been identified, such as with the proposals put forward by the Għasri, San Lawrenz, St Paul's Bay and Żurrieq LCs. Other cases, where the issue of cost proved prohibitive, were the proposals made by the Mellieħa, Munxar, Paola and St Julians LCs. In these cases, the Evaluation Committee expressed doubt as to whether the Council had sufficient funds to see the project through, despite indications to the contrary at application stage. Other reasons cited by the Committee included that proposals had benefitted or could benefit from other schemes, were lacking the required permits, were similar to other projects already carried out in the vicinity, or were considered unfeasible.
- 5.3.9 A case of note was that relating to the Xagħra and Xewkija LCs submissions. The NAO is of the understanding that the incorrect compilation of information conditioned the Evaluation Committee in its decision not to allocate funds to the proposal put forward by the Xagħra LC. This error may be traced back to the incorrect inputting of funds that were to be sourced from the Xewkija LC (€85,190), erroneously noted under the Xagħra LC. Although the funds that were to be provided by the Xagħra LC were not indicated (as the application form was not provided), this was presumably less than the total project cost set at €25,029. In view of this error, the Evaluation Committee was faced with a situation where a project costing €25,029 was to be allocated €85,190 by the Council. This anomalous scenario was cited as the basis for the rejection of this project, with the Committee claiming that the Council had sufficient funds to cover the cost of the project. However, this Office is of the opinion that the evident anomaly should have drawn the Committee's attention to the

incongruence of the information presented, which could have been readily verified through reference to the applications received.

- 5.3.10 On 5 December 2012, all the LCs successful in obtaining funds under Memo 87/2011 were invited to the launch of this scheme that was to be held on 20 December 2012. LCs were informed that failure to attend this event would imply that the Council was no longer interested in the funding scheme and would therefore forfeit the grant allocated. Letters of acceptance, distributed at this event, listed a number of conditions that were to be adhered to. These were that works were to be completed within one year from the date of the letter of acceptance, that funds were to be solely utilised for the project indicated and that evidence as well as supporting documentation substantiating the works carried out were to be submitted to the DLG. On the other hand, letters of rejection were also sent on 20 December 2012. However, the NAO noted that not all letters of rejection were retained on file, with correspondence relating to five LCs and the LCA not located.
- 5.3.11 Queries were addressed to the Parliamentary Secretariat for LCs and the DLG regarding the significant lapse between the deadline for the submission of applications, 20 October 2011, and the issuance of letters of acceptance, 20 December 2012. The Policy Coordinator within the Parliamentary Secretariat for LCs indicated that a number of schemes had been simultaneously issued and that councils were allowed some time to conclude pending commitments prior to the allocation of funds in respect of other schemes. On the other hand, the official within the Schemes Unit DLG referred to the fact that various schemes, including this, were put on hold due to budgetary constraints. This matter was eventually resolved following the allocation of €100,000 to each of these schemes, hence explaining the delay between submission and award.
- 5.3.12 Post award developments were noted with respect to the grant made to the Santa Luċija LC. On 6 February 2013, the Santa Luċija LC requested the Evaluation Committee's approval to undertake the proposed works, that is, the construction of an underground rainwater reservoir, at a different location. The Santa Luċija LC stated that this change was being made in order to capture rainwater at source, as per the advice obtained from the Council's architect. The Evaluation Committee authorised this change on 13 February 2013.

5.4 Memo 122/2011: Skema ta' Finanzjament għal Restawr ta' Postijiet Storiċi Żgħar

- 5.4.1 Memo 122/2011 was issued by the DLG on 16 December 2011. This Memo signified the launch of the second scheme of financing for the restoration of small historical places by LCs. According to the Memo, councils that intended to apply for grants in this respect were to:
- submit the application form attached thereto;
 - specify the nature of the required restoration;
 - submit site photographs;
 - disclose who was making use of the site and who the property belonged to;
 - disclose whether the LC had title to the site; and
 - provide an estimate of costs relating to the proposed site restoration.
- 5.4.2 Particular reference was made to the restoration of niches, statues in public places, slaleb tad-dejma and other historical artefacts. Nonetheless, despite the fact that

preference was to be given to such projects, LCs were not precluded from submitting applications for other restoration projects. According to the Memo, further details could be requested from LCs whose projects were shortlisted.

- 5.4.3 The deadline for the submission of applications was 9 February 2012. The NAO noted that the Memo did not specify the budget allocated for the funding of these projects, and neither was a threshold indicated in terms of the amount of funds available for each selected project. No reference was made to whether the DLG would partially finance such initiatives, or otherwise, and whether multiple applications by the same council would be considered.
- 5.4.4 According to the application forms made available to this Office, 69 submissions were made by 44 LCs, while the Marsalforn, Santa Luċija and Swatar ACs each submitted one proposal. A number of inconsistencies were noted in the DLG working papers with respect to the applications submitted. In this sense, one of the Munxar LC applications was omitted, whereas the project estimates relating to five LCs were incorrectly inputted. While most of the inconsistencies were not material, that corresponding to the Munxar LC (restoration of the bridge at Wied tal-Lunzjata) resulted in a €223,200 overstatement of the project estimate.
- 5.4.5 Correcting for inconsistencies referred to in the preceding paragraph, the aggregate cost of the projects applied for was estimated at €1,260,866. However, this amount does not include the project cost of the submission by the Swatar AC for the restoration of naval graffiti, which was not indicated in the application form or the DLG working papers reviewed by the NAO. This Office noted a significant disparity between the highest and lowest amount of funding applied for, with as much as €235,000 (Pembroke LC) and as little as €500 (St Paul's Bay LC) being requested for particular projects.
- 5.4.6 Following the review of documentation provided by the DLG, the NAO did not source the letters of appointment of the members that were to form the Evaluation Committee, if this was in fact constituted. This Office was unable to establish the Committee's composition through its evaluation report as, despite several requests, a copy of this report was not made available. Neither was the Office able to source information from meeting minutes, as none were provided. Queries addressed to the Policy Coordinator within the Parliamentary Secretariat for LCs and an official within the Schemes Unit DLG provided some information in this respect. Both asserted their involvement as members on the Committee, while the DLG official indicated that the Chair was the Private Secretary to the Prime Minister. Attempts to contact the Chair of the Committee proved futile. Notwithstanding assertions made, the NAO was not provided with any documentation essential in verifying that stated. These lacunae raised serious concerns and prevented the NAO from having access to reliable, accurate and adequate source documentation. Moreover, a lack of documentation invariably hinders verification, detracts from transparency and hampers accountability.
- 5.4.7 Although the NAO was not provided with the evaluation report, working papers indicating which projects were approved for funding were retained in the relative DLG file. Details of the relevant LC, concise details of the project and its location, the estimated cost of works, and the amount of funding approved were provided. According to these working papers, 35 applications submitted by 28 LCs and one AC were granted funds totalling €109,000 (Table 36 refers). The LCs of Dingli, Mġarr, Munxar and St Paul's Bay each had two applications selected for funding, while the Ħamrun LC had three projects that received funds.

Table 36: List of projects, estimate and approved funding (Memo 122/2011)

LC/AC	Project	Project estimate (€)	Approved funding (€)
Rabat (G)	Seven niches	23,800	11,500
Valletta	Statues of St Paul and St John the Baptist	10,856	9,000
Għarb	Telephone and letter boxes	17,300	8,500
Swieqi	Madliena chapel	15,000	8,000
Għasri	Statues of St Peter and St Paul and niche of the Annunciation	12,508	7,000
Senglea	Two statues	14,939	7,000
Żabbar	L-Għajn tal-Bhejjem	12,700	5,000
Luqa	Cemetery of St Thomas	10,059	4,500
Qormi	A statue and a cross in Pjazza tal-Vitorja	8,800	4,000
Naxxar	Statues of St Joseph, Lady of Mount Carmel and St Paul	7,681	3,500
Sigġiewi	Statue of St Paul	6,800	3,500
Mqabba	Restoration of two stone statues and pillars	7,000	3,000
Munxar	Second World War shelters	5,000	2,700
Mġarr	Niche at Bingemma	3,900	2,500
Mġarr	Is-Salib tad-Dejma	4,550	2,500
Nadur	Monument of Father Salv Vella	21,000	2,500
Tarxien	Niche of St Paul	5,700	2,500
Rabat (M)	Three niches	4,500	2,200
Balzan	Pavi tas-Salib tat-Tliet Knejjes	4,500	2,000
Marsascula	Three crosses	5,000	2,000
Xagħra	Niche of Our Lady of Sorrows	5,500	2,000
Munxar	Niche of Qalb ta' Ġesu`	3,000	1,800
Fontana	Niche of the Immaculate Conception	3,166	1,750
Cospicua	Niche	3,350	1,300
Kerċem	Niche of Madonna tas-Sokkors	2,500	1,300
Santa Luċija (G)	Niche of Our Lady of Tas-Silġ	2,335	1,300
Dingli	Niche of St Mary	3,000	1,200
Dingli	Niche of St Paul	1,800	900
St Paul's Bay	Dejma water reservoir	1,330	750
Ħamrun	Niche with statue of Crucified Jesus	1,500	650
Ħamrun	Statue of the Immaculate Conception	1,500	650
Gudja	Niche of Madonna tad-Dawl	968	500
Ħamrun	Niche of Qalb ta' Ġesu`	1,000	500
Pietà	Niche of St Joseph	900	500
St Paul's Bay	Fountain of Għajn Rasul	900	500
Birkirkara	Wejter Tower	18,806	-
Birżebbuġa	Oil wells	18,617	-
Cospicua	Nativity Chapel	66,963	-
Fgura	Second World War shelter	26,700	-
Floriana	Old gate at St Philip's Garden	8,000	-
Għarb	Second World War shelter	15,300	-
Għarb	Old stone balconies	11,400	-
Għarb	Parish parvis	4,545	-
Għargħur	Parish church's clock	5,005	-

Gudja	Restoration of a cross on an antique pedestal	13,570	-
Gżira	Fawwara Gate	34,220	-
Ħamrun	Mural	1,000	-
Lija	Belveder Tower	98,950	-
Luqa	Statue of St Andrew	2,850	-
Marsalforn	Statue of the Salvatur	17,000	-
Mellieħa	Second World War defence post and trenches	32,206	-
Mġarr	Façade of cemetery	12,980	-
Mtarfa	Water tank	43,096	-
Munxar	Inscribed cross on stone	2,000	-
Munxar	Bridge at Wied tal-Lunzjata	24,800	-
Munxar	Niche of St John	3,000	-
Pembroke	Pembroke Battery	235,000	-
Safi	Garden wall	75,572	-
San Ġwann	Chapel of St John	48,276	-
Santa Luċija (M)	Chapel of St Lucy	19,000	-
Sigġiewi	Statue of the Redeemer	10,600	-
St Paul's Bay	Roman villa at San Pawl Milqi	35,000	-
St Paul's Bay	1919 niche	950	-
St Paul's Bay	Water sources	5,000	-
St Paul's Bay	Statue of St Francis	950	-
St Paul's Bay	Xemxija heritage trail	4,130	-
St Paul's Bay	Wartime gunpost	10,000	-
Swatar	Restoration of wall with naval graffiti	n/a	-
Valletta	New offices	50,000	-
Vittoriosa	Niche of St Philip	7,754	-
Xgħajra	Batterija Delle Grazie	54,880	-
Żejtun	Centre for arts and crafts	8,404	-
Total		1,260,866	109,000

5.4.8 Due to the absence of an evaluation report, this Office was unable to determine the vetting process by which relevant projects were considered to qualify, or otherwise, for funding under this scheme. In several instances, it was not possible for the NAO to establish the rationale underlying decisions to approve certain projects that clearly did not fall under the preferred projects criteria as disclosed in the Memo, while rejecting other more seemingly relevant projects. These instances include:

- a. projects that involved the restoration of niches and statues but which were not approved:
 - i. niche of St Philip, Vittoriosa LC;
 - ii. statue of the Redeemer, Sigġiewi LC;
 - iii. statue of St Andrew, Luqa LC;
 - iv. statue of Is-Salvatur, Marsalforn LC;
 - v. 1919 niche, St Paul's Bay LC; and
 - vi. niche of Our Lady tas-Silġ, Santa Luċija LC.
- b. projects relating to restorations that did not fall under the preferred criteria for selection but which were approved:

- i. telephone and letter boxes, Għarb LC;
- ii. Cemetery of St Thomas, Luqa LC;
- iii. Second World War shelters, Munxar LC; and
- iv. Madliena chapel, Swieqi LC.

Replies to enquiries made by this Office with the Policy Coordinator within the Parliamentary Secretariat for LCs and an official within the Schemes Unit DLG were deemed unsatisfactory by the NAO, as the reasons for rejection that were cited could have readily been applied to those cases that were selected.

5.4.9 Based on the application forms forwarded to this Office, the NAO analysed which LCs had title over the site proposed for restoration. This Office noted that six LCs of those selected for funding indicated that legal title over the proposed site for restoration was held by the council. In the case of the submissions made by the Cospicua, Senglea, Siggiewi and Valletta LCs, the NAO was not provided with any information regarding ownership of the proposed sites. With respect to the remaining 25 cases, the LCs and AC indicated that they did not have title to the sites. However, in 11 of these cases, the LC stated that it had either obtained or was in the process of obtaining the required authorisation from the owners. In the other 14 cases, no reference was made as to whether the LC had secured the relevant authorisation.

5.4.10 Letters of acceptance were submitted on 20 December 2012. In this correspondence, two conditions that had not been indicated in Memo 122/2011 were set. The first condition stipulated that if the restoration project did not fall under the responsibility of the council, a written agreement was to be entered into with the owner of the site, a copy of which was to be submitted to the DLG by not later than 15 January 2013. The second condition specified that works were to be completed within one year from the date of the letter, that is, by 20 December 2013. The DLG stated that failure to comply with any of these conditions would lead to the withdrawal of the allocated funds. Although the Policy Coordinator within the Parliamentary Secretariat for LCs and the official within the Schemes Unit DLG indicated that funds were transferred to LCs following the presentation of receipts, this could not be verified as the Memo made no reference to such provisions while the letters of acceptance failed to indicate the specific modality of payment.

5.4.11 Queries were addressed to the Parliamentary Secretariat for LCs and the DLG regarding the lapse between the deadline for the submission of applications, 9 February 2012, and the issuance of letters of acceptance, 20 December 2012. The Policy Coordinator within the Parliamentary Secretariat for LCs indicated that a number of schemes had been simultaneously issued and that councils were allowed some time to conclude pending commitments prior to the allocation of funds in respect of other schemes. On the other hand, the official within the Schemes Unit DLG referred to the fact that various schemes, including this, were put on hold due to budgetary constraints. According to this official, this matter was eventually resolved following the allocation of €100,000 to each of these schemes, hence explaining the delay between submission and award.

- 5.4.12 On 5 February 2013, the DLG submitted correspondence to LCs regarding the pending agreements that were to be entered into with owners of sites subject to restoration works. LCs were informed that submissions were to be made by 13 February 2013. An undated working paper provided by the DLG indicated that the relevant agreement had been submitted for 20 of the 35 projects selected for funding. In another nine cases, the LC had indicated that the site was under the direct responsibility of the council, while in three cases, the proposed works were to be carried out on public land. Finally, the NAO noted that no information was provided in respect of three projects, two submitted by the Munxar LC and one by the Swieqi LC.
- 5.4.13 The DLG followed up on the selected projects through correspondence dated 21 June 2013 and 3 July 2013, wherein LCs were reminded that initiatives had to be completed by end December 2013. Subsequent to this, on 13 September 2013, the Rabat (M) LC notified the DLG that it would not be utilising the grant allocated to the Council, yet cited no specific reason in this respect. Another reminder was sent by the DLG to the Hamrun LC on 28 January 2014. In its reply, dated 13 February 2014, the Hamrun LC indicated that it was withdrawing from the scheme as quotations obtained considerably exceeded the amount budgeted by the Council.
- 5.4.14 The NAO's attention was drawn to an additional grant of €8,000 made to the Senglea LC. The request for this additional grant was made by the Senglea LC on 14 February 2014, wherein supplementary funds were required due to major interventions necessary in the completion of the restoration project originally applied for under Memo 122/2011. The Council's request was addressed to an official within the Schemes Unit DLG, who subsequently sought the authorisation of the Adviser to the Parliamentary Secretary for Culture and Local Government. The Adviser authorised the additional grant on 14 February 2014. Notwithstanding this, no documentation supporting claimed amounts by the Senglea LC was noted on file or provided to the NAO, rendering the basis for this allocation unclear. When queried by the NAO, the Adviser indicated that payment would be made only on the presentation of relevant receipts. According to the Parliamentary Secretary for Culture and Local Government, the allocation of additional funds in respect of capital projects was normal practice if there was evidence that such funding was essential. The Parliamentary Secretary indicated that the Adviser was to represent the Secretariat on issues relating to LCs and that issues raised by LCs, including that relating to the Senglea LC, would have been discussed.

Chapter 6

Schemes launched in 2012 and 2013

Chapter 6 – Schemes launched in 2012 and 2013

6.1 Memo 17/2012: Skema EGOV4U għall-Kunsilli Lokali

- 6.1.1 Memo 17/2012, issued on 11 April 2012, was aimed at assisting LCs in providing assistance to residents using eGovernment services. The Memo indicated that this was the second phase of the Skema EGOV4U għall-Kunsilli Lokali as, in fact, the scheme had originally been launched through Memo 60/2011, dated 8 July 2011. Also stated was that the first phase of this scheme was to be shortly operational and therefore a call for the selection of 10 LCs to participate in the second phase was issued. The closing date for the submission of applications was set for 27 April 2012.
- 6.1.2 Appended to the Memo were guidance notes, which served to provide further details regarding the scheme and the application procedure to be followed. The scheme followed Government's policy objectives of increasing the number of services carried out through the eGovernment platform, as well as increasing the number of people making use of these online services. Projects under the scheme were to be operated through the intervention of the Malta Information Technology Agency and the LCA. Funding for the two-year period, amounting to €150,000, was allocated to the scheme and was to assist the selected LCs to serve as satellites in the provision of eGovernment services in their communities. Under this scheme, LCs were to release appointed staff for training programmes, as well as provide a single electronic point where citizens could carry out eGovernment services on their premises.
- 6.1.3 The eligibility criteria outlined in the guidance notes denoted that the proposed initiatives were to contribute towards positive socio-economic impacts resulting from the proper development and promotion of eGovernment services. The scheme was directed towards the reduction of the digital divide and the better use of the national IT infrastructure. Also indicated was that co-financing would be positively considered in the evaluation process. Moreover, LCs were required to allocate approximately €3,000 to part-finance the project over the two years.
- 6.1.4 Procedural considerations that determined eligibility under this scheme were also specified. These entailed that:
- a. the application, based on the template form provided with Memo 17/2012, was to be signed, dated and completed;
 - b. applicant LCs were to submit details of the officers attending the training sessions; and

- c. an office plan indicating the location of the electronic platform and the specifications of the computer that was to be at the disposal of the public was to be included.

6.1.5 Other procedure-related information specified in the guidance notes indicated that each approved LC would be provided with a total grant of €5,000. The grant was to serve to make any necessary embellishment to the LC office and to subsidise the hours of training of the staff nominated by the council. Also required was the submission of a description of the project proposal, overall project timeframes, envisaged project investments and benefits, details of any stakeholders involved and of the LC's source of finance, intended to ensure the council's ability to complete the project. It was noted that failure to submit any of the requested documentation could render the application ineligible for funding and that late submissions would not be considered.

6.1.6 According to the timeline established by the DLG, proposals were to be submitted by 27 April 2012 and the selection process to be concluded by 31 May 2012. Thereafter, activities were to commence on 1 August 2012 and were to be concluded by 31 July 2013. Furthermore, the evaluation and selection procedure that was to be followed entailed checks relating to administrative compliance, as well as the verification of the proposed projects' adherence to the eligibility criteria and rules.

6.1.7 By the closing date, seven applications for funding had been submitted. These proposals were put forward by the Lija, Mqabba, St Paul's Bay, Valletta, Xagħra, Xewkija and Żejtun LCs. The NAO noted that another application, submitted by the Rabat (G) LC, was received by the DLG on 11 June 2012, which was beyond the established closing date. However, pursuant to this, the DLG issued correspondence to all LCs on 26 June 2012, whereby it was indicated that the scheme's deadline was extended to 11 July 2012. The justification cited in this correspondence for the extension of the deadline was the fact that only eight applications had been received and that 10 computer terminals were to be allocated by the DLG. By the extended deadline, two other applications were received by the DLG, namely those submitted by the Mosta and Rabat (G) LCs on 11 July 2012. All 10 applications submitted by the aforementioned LCs retained on the DLG file were reviewed by this Office.

6.1.8 No records were made available to the NAO with respect to the set up of the Evaluation Committee and the appointment of members thereto. In fact, the first reference to the composition of the Evaluation Committee was indicated in the evaluation report dated 16 July 2012. To this end, the Committee was chaired by the Executive Secretary LCA, included the Policy Coordinator within the Ministry for Home and Parliamentary Affairs and an official from the Schemes Unit DLG as members, as well as another DLG official as Secretary to the Committee. Noted in the evaluation report was that initially eight applications had been received by the DLG, which were all deemed eligible and accordingly approved for funding. Restating the justification for the extension of the submission deadline, the Evaluation Committee noted that two other applications were received, for which funding was awarded. Therefore, the ten LCs awarded funds were each granted €5,000. Finally, the Evaluation Committee indicated that funds were to be transferred to the LCA, which was to verify the execution of works and settle payments accordingly.

6.1.9 Letters of acceptance were sent to the 10 LCs on 3 August 2012. Attached to this correspondence was a grant agreement that LCs had to endorse and return to the DLG. All grant agreements were signed and duly submitted to the Department. In

turn, on 8 October 2012, the DLG informed the LCA of this development given the latter's role in coordinating payments.

6.2 Memo 38/2012: Skema dwar Inizjattivi ta' Attivitajiet 2012/2013

- 6.2.1 Memo 38/2012, issued on 11 October 2012, sought to provide financial assistance to RCs, LCs and ACs for the organisation of activities in their respective localities. Apart from being eligible to apply, RCs were responsible for the collection of the applications by the LCs and ACs falling within their regional set-up. According to the Memo, the scheme was one of the measures implemented by central government in efforts at encouraging sustainable development and incentivising LCs to undertake initiatives that promote cultural development. Priority was to be given to projects that could contribute towards the cultural calendar leading to the hosting of the European Capital of Culture 2018.
- 6.2.2 Two calls for applications were issued under this scheme, with each call corresponding to a particular period within which the initiative was to be held. The first call related to events that were to be organised between 1 December 2012 and 28 February 2013, with a deadline for the submission of applications set for 16 November 2012. On the other hand, the second call related to initiatives that were to be held between 1 March 2013 and 30 June 2013, as well as between 1 September 2013 and 31 December 2013. The closing date for the second call was 30 November 2012. Specified in Memo 38/2012 was the fact that applications received after the established deadlines would not be considered. Appended with the Memo were the application forms to be completed by the LCs, ACs and RCs, as well as guidance notes.
- 6.2.3 Indicated in the guidance notes was the budget allocated for this scheme, set at €250,000. Reiterated in these notes were the scheme's main objectives, that is, incentivising LCs to propose initiatives that would enhance their locality's cultural development and identity. This was to be achieved through the implementation and promotion of cultural and creative activities, the showcasing of local artists and craftsmanship, as well as the adoption of an inclusive approach in order to attract a wide range of audiences. Financial assistance to be provided in this regard was intended to encourage LCs to undertake cultural activities outside the peak months, thereby helping to decongest visitor flow while promoting the social, economic, cultural and environmental sustainability of localities.
- 6.2.4 The objectives and priorities outlined in the guidance notes denoted that the proposed initiatives were to achieve a positive socio-economic impact, stimulate a collaborative approach between LCs and other organisations, and were not in conflict with their localities' natural, social and cultural character. Also indicated were the national priorities that were to be addressed through this scheme. These included the development of Malta and Gozo's cultural programming on a local level, the address of tourism seasonality, the promotion of awareness regarding the evolving identities of local communities, and the introduction of a regional approach to the cultural calendar.
- 6.2.5 Proposals were to be considered eligible if these met certain criteria, namely that:
- a. applicants were to submit proposals on the official application form provided;
 - b. applicants could apply for more than one activity; however, only two would be considered eligible for funding;

- c. events proposed were to be held within the locality/region of the LC/RC submitting the proposal;
- d. proposals were to highlight the local character that defined the communities;
- e. proposals were to emphasise the artistic content and outcomes of the initiative;
- f. proposals were to ensure a high level of community engagement through the involvement of at least one local organisation per participating locality (excluding the LC); and
- g. events proposed were to be held within the periods indicated.

6.2.6 Furthermore, submissions by LCs and ACs were to be made through their respective RC. In this sense, the RCs' role was to ensure that the dates and timings of the proposed events were evenly distributed across the eligible period. Applicant RCs were to be allocated a maximum of €10,000 per participating LC. The total allocation to each RC was to be determined by the quality, sustainability and viability of the proposed initiatives. The final allocation was at the discretion of the Evaluation Committee. Results corresponding to the first call for applications were to be published by 30 November 2012, while those of the second call were to be issued on 31 January 2013.

6.2.7 The two application forms appended to Memo 38/2012 reflected the requirements outlined in the guidance notes. In the case of the application form for LCs, the NAO noted that councils were required to submit quotations supporting the costs claimed with respect to their proposal. On the other hand, the application form for RCs entailed the aggregation of region-wide submissions, including the submission of an overview of the programme, the presentation of a calendar of events and the compilation of a budget corresponding to all planned initiatives.

6.2.8 The NAO was not provided with the letters of appointment of the members of the Evaluation Committee. However, this Office did establish the composition of the Committee through its evaluation report. In this context, the Committee was composed of a Policy Coordinator within the Ministry for Tourism, Culture and the Environment (MTCE) as Chair, an official from the MTA, an OPM official (the former Policy Coordinator within the Parliamentary Secretariat for LCs) and an official within the Schemes Unit DLG. This Committee was responsible for the evaluation of the applications received with respect to the first and second calls issued under this scheme.

First Call

6.2.9 The DLG received 20 applications corresponding to events that were to be held between 1 December 2012 and 28 February 2013. These applications were submitted by 16 LCs and mainly related to Christmas and carnival activities. Although the NAO was provided with copies of the applications put forward by the LCs, a number of submissions were not signed or dated and therefore, this Office could not ascertain whether all applications were made by the closing date, that is, 16 November 2012. Furthermore, the NAO was not provided with the applications submitted by the Northern (Mellieħa and Naxxar LCs) and South Eastern (Marsaxlokk, Paola and Valletta LCs) RCs, even though copies of the applications by the subsidiary LCs were made available, except for that submitted by the Floriana LC. The direct submission of applications by LCs was not in line with that stipulated in Memo 38/2012. When queried on this point, the Policy Coordinator within the Parliamentary Secretariat for LCs and an official within the Schemes Unit DLG confirmed that submissions were accepted directly from LCs and ACs. The DLG official explained that the requirement

that applications were to be channelled through RCs was not always enforced in view of the fact that these Committees were not always cooperative. The Policy Coordinator added that although some applicants failed to apply through their respective RCs, they were still considered eligible for funding, with the RCs being subsequently informed of the submissions by the Evaluation Committee.

6.2.10 The NAO noted correspondence indicating that meetings were to be held by the Evaluation Committee; however, this Office was not furnished with the minutes of these meetings. A copy of the evaluation report was not retained on file, although the DLG provided the NAO with an unsigned report, dated 22 November 2012. According to this report, of the 20 applications, the Committee selected 15 submissions for funding. The aggregate grant that was to be allocated in this respect amounted to €72,500 out of an overall request for €185,937. Funds were to be distributed among 14 LCs, as the Lija LC was to benefit from a grant for two events (Table 37 refers).

Table 37: List of projects, funds requested and approved (Memo 38/2012 – First Call)

LC	Event	Funds requested (€)	Approved funding (€)
Floriana	New Year's Eve 2012/13	10,000	10,000
Mellieħa	Milied Mellieħi 2012	21,000	10,000
Valletta	Valletta NYE 2012	10,000	10,000
Lija	Live Crib	8,000	8,000
Rabat (G)	New Year in the City	33,000	7,000
Nadur	Nadur Carnival - A Unique Experience	8,000	5,000
Naxxar	Ir-Raħal fil-Milied	10,000	5,000
Paola	Milied f'Casal Paola 2012	7,000	3,000
Marsaxlokk	Is-suq tal-Milied f'Marsaxlokk	4,900	2,500
Għaxaq	Carnival Village	4,050	2,000
Lija	Citrus Festival	2,657	2,000
San Ġwann	Dawra mad-Dinja fil-Karnival	10,180	2,000
Xagħra	Carnival Activities in Xagħra	7,500	2,000
Xewkija	Xewkija Carnival Festival	14,500	2,000
Żebbuġ (M)	Carnival at Haż-Żebbuġ	5,000	2,000
Gudja	Il-Milied ta' Dari u Illum	3,500	-
Gżira	Winter Wonderland Christmas Village	10,000	-
Rabat (G)	Christmas Village	7,000	-
Xagħra	Traditional Feast of St Anthony the Abbot	2,500	-
Żebbuġ (M)	Malta International Folk Festival	7,150	-
Total		185,937	72,500

6.2.11 Justification for the selection of the projects was presented in the evaluation report. The maximum funding amount of €10,000 was granted to the Floriana, Mellieħa and Valletta LCs due to the fact that the events applied for were of a substantial scale, well-organised and attended. Similar justification was cited with respect to the grant made to the Rabat (G) LC. The Christmas events held by the Naxxar and Paola LCs were considered as traditional activities and deemed as meriting funding. An allocation of €8,000 was granted to the Lija LC for a 'live' crib as this activity was going to be organised throughout the December weekends and public holidays. The proposed Christmas market in Marsaxlokk was allocated €2,500 as it was considered an innovative event. The Nadur LC was granted €5,000 for its carnival activities due

to its popularity and record of attendance. However, the NAO noted that this grant was revised to €7,000 following correspondence sent by the OPM official on the Evaluation Committee. Five other carnival activities relating to the Ghaxaq, San Ġwann, Xagħra, Xewkija and Żebbuġ LCs were allocated €2,000 to help them start promoting such activities at a local level. Furthermore, the Lija LC was granted €2,000 for its annual citrus festival that was to be held on 13 January 2013.

- 6.2.12 With respect to the increase in funding awarded to the Nadur LC, the NAO obtained documentation consisting of email correspondence exchanged on 5 December 2012. In this context, the Private Secretary to the Prime Minister sent an email to the Minister for Justice, Dialogue and the Family (MJDF), wherein reference was made to earlier discussions regarding the Nadur LC. The Private Secretary listed the funding amounts granted to the Nadur LC in respect of various schemes issued by the DLG and indicated that the €5,000 allocation made to the Council in respect of this scheme was to be increased by €500. Justification cited in this regard was that the LC was to be granted the same amount of funding allocated in previous years for this activity. The Minister MJDF requested the allocation of an additional €1,000 since the activity attracted 30,000 visitors. The NAO noted that the Minister made reference to the fact that this activity coincided with the electoral campaign. Subsequent to this, the Private Secretary requested the OPM official on the Evaluation Committee to revise funding to €7,000. This request was referred to the DLG, wherein the allocation to the Nadur LC was set at €7,000. Furthermore, the OPM official indicated that the Executive Secretary Nadur LC had been requested to submit a revised estimate.
- 6.2.13 Queried in this respect, the Minister MJDF confirmed that at that time he no longer bore any responsibility for local government; however, he indicated that he had been approached by the Nadur LC regarding the matter. The Minister MJDF stated that carnival was then a few weeks away and the Council was concerned that its event would not be held due to security issues given the proximity to the general election. The Minister MJDF stated that his correspondence with the Private Secretary to the Prime Minister had been submitted in this context. Notwithstanding that stated, the NAO maintains reservations regarding the correspondence exchanged, deeming the intervention by the Minister MJDF as unwarranted, more so in view of the fact that he no longer bore any responsibility for LCs.
- 6.2.14 The reasons cited by the Evaluation Committee in its decision not to allocate funds to the remaining five events were varied. The Committee considered the applications put forward by the Gudja and Gżira LCs as non-adherent to the criteria set in Memo 38/2012. The proposal submitted by the Żebbuġ (M) LC relating to the Malta International Folk Festival was refused since this event was not being organised by the Council. Another application submitted by the Rabat (G) LC was rejected on the grounds that the event was being held on dates outside of those stipulated in the Memo. The NAO noted that no justification was cited by the Committee with respect to its refusal of the Xagħra LC submission. When queried on this matter, the OPM official and the official within the Schemes Unit DLG stated that the activity proposed by this Council was of a religious nature, therefore deemed ineligible for funding under this scheme.
- 6.2.15 On 29 November 2012, the DLG informed all the LCs whose activities were approved for funding that this scheme was to be launched on 8 December 2012. This event was postponed to 22 December 2012. Of interest to the NAO was the fact that LCs were informed that failure to attend the launch of the scheme would have implied that the LC was no longer interested in the scheme and would therefore forfeit

the grant allocated, even if the activity had already been held. The NAO reviewed correspondence indicating that certain LCs were unable to attend the launch for various reasons, which appear to have been considered valid by the Evaluation Committee as no funds were retracted.

- 6.2.16 The letters of acceptance provided to the LCs during the launch included a list of conditions that were to be adhered to. These entailed that LCs were to:
- a. include the logos of the Ministry responsible for local government and that of the MTA when promoting the funded activity;
 - b. submit all promotional material to the Ministry and the MTA for their approval;
 - c. attend a press conference that promoted the funded activity;
 - d. forward claims for reimbursement to the DLG, which claims were to include copies of fiscal receipts signed by the Executive Secretary, as well as a statement of payments, signed and approved by the LC, showing that the payment was made within six months of the event; and
 - e. provide photographs and video clips of the activity that could be used by the MTA.
- 6.2.17 Five letters of rejection were sent by the DLG on 22 December 2012. These only specified that the LC was not going to benefit from financial assistance in respect of Memo 38/2012. On 7 February 2013, the Executive Secretary of the Gżira LC submitted correspondence to the DLG requesting an explanation as to why the Council was not allocated any funding in respect of its proposal. Undated correspondence in response to this letter drafted by the DLG official on the Committee stated that the Gżira LC had not adhered to the criteria specified in Section B of the guidance notes. The NAO is of the opinion that the justification cited was vague, particularly when one considered the fact that the event proposed by the Gżira LC was similar to the majority of the Christmas-related activities approved for funding. Similar criticism may be made with respect to the grounds for rejection cited with regard to the submission made by the Gudja LC.

Second Call

- 6.2.18 As specified in Memo 38/2012, a second call for applications was made, with the deadline for the submission of applications being 30 November 2012. Applications submitted in this respect were to be for activities organised between 1 March 2013 and 30 June 2013, as well as between 1 September 2013 and 31 December 2013. By the closing date, the Evaluation Committee received 82 applications; 73 of which were submitted by 53 LCs, another eight from seven ACs, and one by an RC. Of the 82 submitted applications, the DLG forwarded copies of 11 applications, corresponding to two ACs (Bubaqra and Burmarrad) and nine LCs (Fgura, Lija, Qala, St Julians, St Paul's Bay, Tarxien, Vittoriosa, Xagħra and Żejtun). The NAO could not ascertain whether applications were submitted to the DLG through the respective RCs.
- 6.2.19 Similar to that noted with respect to the first call, the NAO reviewed correspondence indicating that meetings were to be held by the Evaluation Committee; however, this Office was not furnished with minutes of these meetings. A copy of the evaluation report with respect to the second call was also not retained on file, although the DLG provided the NAO with an unsigned report. The NAO noted that the evaluation report was again dated 22 November 2012, which was deemed highly anomalous in view of the fact that the closing date for the second call was 30 November 2012. When queried on this point, the DLG official forming part of the Evaluation Committee

noted that this was an oversight and that the report was finalised some time during January or February 2013.

6.2.20 The NAO noted that in the interim, clarifications were sought from a number of LCs. In fact, on 10 January 2013, correspondence was submitted to the Floriana, Fontana, Pietà and Sannat LCs in order to establish whether the activities applied for were related to the local village feast, as funding would not be allocated under such circumstances. The Sannat LC replied on 11 January 2013, stating that the activity was not going to coincide with the village feast. The Floriana LC replied on 11 January 2013, taking exception to the query raised by the Evaluation Committee and referring the matter to the Minister MTCE. The Floriana LC maintained that the event applied for, in its seventh edition, had always taken place on the eve of the locality's feast. On the other hand, the Fontana and Pietà LCs replied on 14 January 2013, stating that although the activity was to take place during the village feast, it was organised and advertised separately.

6.2.21 Of the 82 applications received, which corresponded to an aggregate funding request of €896,836, the Evaluation Committee selected 56 for funding. These 56 applications were submitted by 46 LCs, four ACs and a RC. The total funds allocated amounted to €171,000 (Table 38 refers). The LCs of Birżebbuġa, Ħamrun, Marsascalea, Mġarr and Qormi received funds for two projects, while that of Mdina also received funding for two projects, one of which was jointly submitted with the Rabat (M) LC.

Table 38: List of projects, funds requested and approved (Memo 38/2012 – Second Call)

RC / LC / AC	Event	Funds requested (€)	Approved funding (€)
Mdina	Medieval Mdina Festival 2013	10,000	10,000
Mellieħa	Milied Mellieħi 2013	10,000	7,000
Rabat (G)	Victoria International Arts Festival	10,000	7,000
Żejtun	Żejt iż-Żejtun 2013	25,000	7,000
Marsa	Għall-Kenn tal-Port fil-Menqa tal-Marsa	30,000	6,000
St Julians	Il-Festa ta' Lapsi	20,000	6,000
Vittoriosa	BirguFest 2013	21,916	6,000
Floriana	Seventh Mechanised Ground Fireworks Festival	10,000	5,000
Fontana	Fontana Fireworks Festival	22,000	5,000
Senglea	Maritime Senglea International Festival 2013	10,000	5,000
Sigġiewi	Festa Għeneb	11,450	5,000
Għarb	Seħer il-Punent 2013	10,000	4,000
Mġarr	Festa Frawli	8,000	4,000
Qala	Qala international Folk Festival	16,000	4,000
Qormi	Lejl f'Casal Fornaro	10,000	4,000
Qormi	The Malta SpringFest 2013	17,800	4,000
Żabbar	Lejl fil-Belt Hompesch	12,152	4,000
Dingli	Ħad-Dingli – Ħidma Agrarja u Tradizzjonijiet	10,000	3,000
Ħamrun	Ħamrun Chocolate Festival	10,000	3,000
Kirkop	IrkottaFest 2013	9,000	3,000
Mdina & Rabat	Rabat and Mdina Baroque Festival	20,000	3,000
Mtarfa	Military Mtarfa	10,000	3,000
Naxxar	L-Istorja Tmexxi s-Sengħa	10,000	3,000
Paola	Notte a' Casal Paola-Storja-Arti-Mużika	8,000	3,000

Qrendi	Festival Agrarju tal-Patata	12,000	3,000
Xewkija	Fiori D'Argenta	27,000	3,000
Kerċem	Festubru	9,135	2,500
Valletta	Knights in the City 2013	15,000	2,500
Żebbuġ (M)	NightFest at Haż-Żebbuġ	10,000	2,500
Balzan	Lejla Interkulturali Balzanija	8,500	2,000
Birżebbuġa	Enjoying Traditional Games – Inġeddu Tfulitna	9,325	2,000
Bubaqra	Ir-Raħhala Żrieraq	4,960	2,000
Cospicua	Bormla Dockfest	8,000	2,000
Għargħur	Milk Festival	5,000	2,000
Ħamrun	Ħamrun Fest – Era Franciża	9,000	2,000
Luqa	Drawwiet Missirijietna	10,000	2,000
Marsascalea	Iljieli Skalin	5,000	2,000
Mqabba	Mqabba through the Ages	17,758	2,000
Nadur	Agricultural Fair	4,000	2,000
Safi	Safi Agricultural & Fruit Festival	10,000	2,000
Santa Luċija (G)	Santa Luċija Symphony of Lights	8,385	2,000
Xgħajra	Festa Lapsi fix-Xgħajra 2013	10,000	2,000
Żebbuġ (G)	Festa Agrikola Żebbuġija	10,000	2,000
Baħar iċ-Ċagħaq	Arts in the Park	8,500	1,500
Mgarr	Festival Ħidmet Missirijietna	4,000	1,500
Munxar	Eku mill-Munxar...dari u llum	8,195	1,500
St Paul's Bay	Xmas Multi-Ethnic Solidarity Fest	10,000	1,500
Xlendi	Kalendarju ta' Attivitajiet – Ix-Xlendi	9,000	1,500
Birżebbuġa	Festa ta' Għana u Tradizzjonijiet	3,825	1,000
Gozo RC	Commemorating Gozo Day	5,000	1,000
Iklin	Festa tal-Fjuri	10,000	1,000
Marsascalea	Arti fil-Beraħ	4,000	1,000
Pietà	Fire and Water Display	5,000	1,000
Sannat	Notte Scarlatta – Ta' Sannat u l-Istorja	15,646	1,000
Swieqi	Swieqi Water Festival	10,000	1,000
Xagħra	Figs Festival	12,000	1,000
Attard	Lejl għat-Tard	30,939	-
Baħar iċ-Ċagħaq	Festa tal-Ġelati	10,000	-
Bubaqra	Dak kien żmien....Illum ieħor	8,850	-
Burmarrad/Wardija	Is-Suq Tat-Tramuntana	8,180	-
Cospicua	Bormla Culturefest: Arts and Traditions of Holy Week	10,000	-
Fgura	The Fgura Arts and Food Fighting Festival	25,000	-
Gudja	Il-Gudja, Omm ta' Seba' Ulied	2,500	-
Lija	Live Crib	8,000	-
Marsalforn	Festa Familja Marsalforn	10,000	-
Mellieħa	Iljieli Mellieħin 2013	10,000	-
Mtarfa	L-Imtarfa Fjurita	8,000	-
Paola	Milied f'Casal Paola 2013	16,420	-
Qormi	The Autumn Festival	10,700	-
Qormi	The Malta Records Festival	15,500	-
San Ġwann	Festa Kulturali u Divertiment għall-Familja	7,000	-

St Paul's Bay	Wardafest and Indoor House Plants	700	-
St Paul's Bay	Mediterranean Culinary and Healthy Living	10,000	-
St Paul's Bay	Cultural Roots in San Pawl il-Baħar	10,000	-
St Paul's Bay	Fish Fest and the Green Wall	12,000	-
St Paul's Bay	National Ice Cream Weekend and Dairy Fest	2,000	-
St Paul's Bay	Golden Ring Song Festival	2,000	-
St Paul's Bay	Grand Closing Summer Carnival	8,000	-
St Paul's Bay	Sculpture Symposium – Arts Weekend	10,000	-
St Paul's Bay	Exhibition of Indigenous Animals	500	-
Tarxien	Epoka 2013	21,000	-
Żurrieq	Fish Festival	10,000	-
Total		896,836	171,000

- 6.2.22** The evaluation report solely provided justification for the rejection of proposals. Cited in the report was the fact that activities related to religious events, such as that proposed by the Cospicua LC, were not accepted. When considering both calls, certain submissions by the Lija, Paola and Qormi LCs were deemed ineligible as councils were only eligible for funding for two projects, as in fact stipulated in the guidance notes. Furthermore, applications put forward by the Mellieħa (Iljieli Mellieħin 2013) and St Paul's Bay (National Ice Cream Weekend and Dairy Fest, as well as the Golden Ring Song Festival) LCs were rejected since these activities were to be held in August, which was outside the eligible dates. Furthermore, the Committee noted that a number of applications did not fulfil the criteria indicated and were, in its opinion, not promising or lacking a certain level of quality. The submissions referred to in this sense included those by the Attard, Gudja, Mtarfa, San Ġwann, St Paul's Bay, Tarxien and Żurrieq LCs. It was noted that the Fgura LC application was refused on the grounds of concerns raised with respect to the previous year's event, that is, food wastage. The NAO noted that the reasons for rejection cited with regard to the submissions made by ACs were vague.
- 6.2.23** In the absence of justification for the positive consideration of applications, the NAO could not establish the basis for the selection of certain proposals. Furthermore, the extent of funding was also unclear in the evaluation report, with no indication of the criteria employed in determining the grants awarded. Although a €10,000 threshold per participating LC was stipulated in the guidance notes appended to Memo 38/2012, it was unclear whether this applied to each of the calls or in aggregate. If the latter understanding was to apply, then the threshold was exceeded in the case of the Floriana, Mdina, Mellieħa, Rabat (G) and Valletta LCs.
- 6.2.24** On 28 February 2013, the ACs, LCs and RC successful in applying for funding under the second call of this scheme were invited to attend a function that was to be held on 5 March 2013. Indicated in this correspondence was the fact that prospective beneficiaries who failed to attend would be considered as no longer interested in the scheme and hence would forfeit their allocated grant. Following the review of the documentation retained on the relevant DLG file, the NAO established that no financial allocations were withdrawn on these grounds.
- 6.2.25** Notwithstanding this, the NAO noted that on 4 March 2013, the Fontana LC informed the DLG that it would not be holding the planned fireworks festival within its locality as a sign of respect for the victims of a fireworks factory explosion in November 2012. Hence, the Fontana LC withdrew its participation from the scheme.

- 6.2.26 Letters of acceptance, dated 5 March 2013, were distributed among the selected beneficiaries during the aforementioned function. The letters of acceptance cited a number of conditions, identical to those stipulated in the first call issued under this scheme and reproduced in paragraph 6.2.16. The NAO noted that the Marsa LC was allocated €4,000 according to the letter of acceptance; however, this award was €2,000 less than that indicated in the evaluation report. With regard to this anomaly, the NAO noted correspondence submitted by the President LCA on 12 August 2013 that indicated that the revision was authorised by the Parliamentary Secretary for Culture and Local Government. When queried on this point, the Parliamentary Secretary for Culture and Local Government stated that such revisions were allowed whenever funding was available in the respective account.
- 6.2.27 Letters of rejection, also dated 5 March 2013, were sent to the unsuccessful applicants. This Office noted that the Lija LC letter of rejection was not on file, which the DLG explained as an oversight. These letters provided no insight as to the reason why funds were not allocated. In fact, the Attard, Mellieħa, Paola, San Ġwann and Żurrieq LCs all requested clarifications with regard to the reason for rejection. The DLG duly provided the reasons to all the requests put forward. However, the DLG encountered some resistance from the Żurrieq LC. On 21 March 2013, the DLG officer, a member of the Evaluation Committee, informed the Żurrieq LC that the Committee had endeavoured to allocate funds to all localities, and that the Żurrieq LC had in fact benefitted from funding that was awarded to the Bubaqra AC. The Executive Secretary of the Żurrieq LC reverted on 22 March 2013, stating that the reason provided by the DLG was invalid since the LC and AC budgets were separate. On 4 April 2013, the Executive Secretary of the Żurrieq LC sent further correspondence, enquiring as to how the applications were evaluated by the Committee. Undated correspondence drafted by the DLG official on the Committee in response to this letter stated that the Żurrieq LC had not adhered to the criteria outlined in Section B of the guidance notes. Again, the NAO is of the opinion that the justification cited was vague.
- 6.2.28 On 14 March 2013, the Vittoriosa LC Mayor wrote to the DLG requesting an explanation as to why the BirguFest 2013 was only allocated €6,000, given the popularity and associated costs of the event. In his correspondence, the Mayor requested a revision of the sum allocated. The DLG official on the Evaluation Committee replied on 15 April 2013, stating that the decision on how funds were allocated was taken by the Committee and could not be reversed.
- 6.2.29 In correspondence dated 12 April 2013, the Marsa LC also filed a complaint with the DLG regarding the amount of funding that was allocated to it. This LC indicated that it had previously sought the views of the MTA regarding the proposed activity and obtained positive feedback in this respect. The Marsa LC stated that the increase in funding of €1,000 over that allocated in the previous year (€3,000) was not sufficient. In this regard, the Marsa LC Executive Secretary sought a revision in the allocation of funds. The DLG official on the Evaluation Committee replied on 9 May 2013, stating that the funds allocated to the scheme were €100,000 less than the previous year's. In view of this, funding had to be decreased across the board. Furthermore, the DLG had received more applications than submitted in preceding years. Three months later, on 8 August 2013, the Marsa LC Executive Secretary wrote to the DLG, requesting an additional €2,000 for light and sound expenses. The DLG official replied on 13 August 2013, stating that the request was approved by the Parliamentary Secretary for Culture and Local Government. When queried by the NAO, the Parliamentary Secretary did not provide a specific basis for this allocation, stating that requests for revisions in funding were generally possible, subject that in total they fell within the line item in the estimates.

6.2.30 On 22 August 2013, the Baħar iċ-Ġagħaq AC sent an email to the DLG stating that its activity had to be cancelled due to lack of funds and because the venue was in a dilapidated state. Another email sent by the Żebbuġ (G) LC to the DLG on 16 September 2013 noted that the activity did not materialise. This was also the case for the event that was to be organised jointly by the Mdina and Rabat LCs.

6.3 Memo 45/2012: Skema ta' Finanzjament ta' Inizjattivi Speċjali 2013

6.3.1 The DLG issued Memo 45/2012 on 21 November 2012 to encourage the undertaking of special initiatives by LCs and ACs. Seven projects were to be selected and awarded a grant of a maximum of 50 per cent of the amount requested. The grant amount for each selected LC or AC was not to exceed €15,000. Interested LCs and ACs were to complete an application form, which was to be signed by the Mayor or Chairperson as well as the relative Executive Secretary, and was to be submitted to the DLG by not later than 14 December 2012. The application was to include the following details:

- a. a short description of the proposed initiative;
- b. justification as to why such an initiative was deemed necessary;
- c. a financial estimate drawn up by the council's architect, if the work being proposed required an architect's bill of quantities;
- d. start and completion dates of the initiative; and
- e. the reason why the applicant deemed the project applied for to constitute a special initiative and the basis on which the application should be considered under this scheme.

6.3.2 The financial data that was to be provided in the application form comprised the cost of the project, the funding that was to be acquired from other sources, the funds allocated from the LC's budget, as well as the amount of funding being requested. Furthermore, Memo 45/2012 stipulated that the project applied for was to be completed within one year from the date of commencement of works. Finally, indicated in the Memo was the fact that late submissions would not be considered.

6.3.3 Following the review of the documentation retained by the DLG and despite requests addressed to the Department, the NAO could not ascertain whether an Evaluation Committee was established and in the affirmative, its composition. Furthermore, the NAO could not trace any minutes corresponding to the meetings held by the Committee. Of greater concern was the fact that an evaluation report indicating the allocation of funds under this scheme and the reasons for the selection or otherwise of the projects submitted was not provided. Only indirect reference was made to the workings of an Evaluation Committee and, in view of the numerous shortcomings listed in this paragraph, its existence was deemed dubious by this Office. Although no documentation relating to the setting up of an Evaluation Committee and its subsequent undertaking were provided to the NAO, some element of insight was sourced from an official within the Schemes Unit DLG. The DLG official indicated that a Committee had probably not been set up and that decisions regarding the allocation of funds were taken by an OPM official (the former Policy Coordinator within the Parliamentary Secretariat for LCs) and the Private Secretary to the Prime Minister, citing time constraints as justification in this regard. In this respect, replies by the OPM official were vague, merely indicating that a Committee should have been set up, yet failing to indicate the extent of her involvement in the evaluation process.

6.3.4 According to the working papers reviewed by the NAO, a total of 48 applications were received by the DLG in reply to Memo 45/2012. Of these submissions, 40 were made by LCs, six by ACs and two by a RC. The NAO was provided with electronic copies of

all but five of the application forms submitted. These applications were submitted by four LCs (Mellieħa, San Ġwann, Żabbar and Żebbuġ (G)) and a consortium made up of two LCs and one AC (Birkirkara, Santa Venera and Fleur de Lys). Of the application forms provided, 11 bore no date of submission, therefore precluding the Office from establishing whether the submissions were made by the stipulated deadline.

6.3.5 Also indicated in the working papers was that the cumulative cost of the projects was estimated at €2,048,539, of which €672,338 comprised the amount requested for funding. Furthermore, funds that were to be sourced from the LCs' budgets amounted to €656,523 while those obtained from other sources amounted to €709,678 (Table 39 refers).⁹

Table 39: List of projects, project estimate, amounts requested and funding sourced (Memo 45/2012)

LC / AC	Project	Project estimate (€)	Amount requested (€)	Funding from other sources (€)	Funding from LC (€)
Balzan	Campaign - prevention of noise pollution	5,450	5,000	250	200
Birżebbuġa	Security and surveillance	20,000	10,000	0	10,000
Bubaqra	Recreational garden	31,771	31,771	0	0
Burmarrad	Cleaning of the Burmarrad valley	25,000 ¹	15,000	0	15,000
Consortium ²	Rebuilding of an arch replica	284,956	50,000	234,956	0
Fgura	Better Environment	29,205	14,602	0	14,603
Floriana	Embellishment of an Avenue	30,000	15,000	0	15,000
Fontana	Second phase of the civic centre	13,500	8,000	0	5,500
Gudja	Recreational spaces	10,000	6,500	0	3,500
Gwardamanga	Security in the locality	30,000	15,000	10,000	5,000
Għajnsielem	Paving of a staircase in a square	35,000	15,000	0	20,000
Għarb	Innovation in engineering	15,000	7,500	0	7,500
Għarb	Better health services	15,093	7,500	0	7,593
Għargħur	Increased accessibility to the LC	8,962	4,481	0	4,481
Għasri	Road embellishments	31,479	15,000	0	16,479
Kerċem	Widening of a dangerous road	38,075	15,000	0	23,075
Luqa	Monument	23,240	15,000	0	8,240
Marsa	Works on a storm water culvert	30,661	15,000	0	15,661
Marsa	Works on a reservoir	104,707	15,000	89,707	0
Marsalforn	Water culvert in a street	19,894	9,947	0	9,947
Marsascalea	Replacement of playing field equipment	12,551	6,275	0	6,276
Mdina	Improvements to a public garden	10,000	5,000	0	5,000
Mellieħa	Installation of CCTV cameras in a family park	20,000	10,000	0	10,000
Nadur	Monument	28,000	14,000	0	14,000
Naxxar	Energy-efficient street lighting	23,210	11,605	0	11,605
Northern Region	Reliving History	30,000	15,000	sponsors	15,000 ³
Northern Region	Restoration of the Victoria Lines	30,000	15,000	sponsors	n/a
Pembroke	Upgrade of a garden	29,765	15,000	14,765	0
Pembroke	Upgrade of a garden	21,420	15,000	0	6,420
Pembroke	Placing of litter bins in the locality	15,842	15,000	0	842
Qala	Restoration of a battery	15,000	15,000	0	0

⁹ The discrepancy of €10,000 between the project estimates and the sourcing of funds from the scheme, LC budgets and other sources, was noted by the NAO yet could not be reconciled.

Qormi	Qormi as a tourist destination	37,500	15,000	0	22,500
Qormi	Windmill restoration	40,000	15,000	25,000	0
Qormi	Child abuse awareness campaign	26,500	13,250	0	13,250
Safi	Building of an IT room	15,000	7,500	0	7,500
San Ġwann	Resurfacing of a street	51,982	15,000	0	36,982
San Ġwann	Embellishment of a street	61,911	15,000	0	46,911
Santa Luċija (G)	Rain water reservoirs	33,400	15,000	0	18,400
Senglea	Sanitary Facilities in a public garden	22,967	15,000	0	7,967
Sigġiewi	Outdoor gym and jogging track	105,000	15,000	55,000	35,000
St Paul's Bay	A new sub-office for the LC	25,000	15,000	0	10,000
St Peter	Resurfacing of a road	93,000	15,000	20,000	58,000
Valletta	Clean City Initiative	25,000	15,000	0	10,000
Vittoriosa	Development of a new day centre	25,000	15,000	10,000	0
Xewkija	Restoration of the war shelter	30,900	15,000	0	15,900
Żabbar	Family park	350,000	15,000	250,000	85,000
Żebbuġ (G)	Belvedere works	53,191	15,000	0	38,191
Żurrieq	Installation of a canopy	14,407	14,407	0	0
Total		2,048,539	672,338	709,678	656,523

Notes:

1. The application form stated that the cost of the project was estimated to be between €25,000 and €30,000.
2. The Consortium was made up of the Birkirkara and Santa Venera LCs as well as the Fleur de Lys AC.
3. €5,000 was to be funded by each LC constituting the Northern Region.

6.3.6 As indicated in paragraph 6.3.3, the NAO reiterates its concern relating to the manner by which funding was allocated. The only documentation indicating the selection of the projects was an email sent by the OPM official to an official within the Schemes Unit DLG on 25 February 2013. In this email, the OPM official stated the following, *'Qed nibgħatlek kif ġew deciżi mill-Bord'*¹⁰ and *'Ippreparaw l-ittri għax jista' jagħti l-każ li tiġi varata nhar il-Ħadd din l-iskema'*.¹¹ A list of the selected LCs and ACs, as well as the respective amount allocated, was included in this email (Table 40 refers).

Table 40: Amount allocated (Memo 45/2012)

Selected LC/AC	Amount Allocated (€)
Santa Luċija (G)	15,000
Sigġiewi	15,000
Żebbuġ (G)	15,000
Valletta	12,500
Birkirkara	12,000
Santa Venera	12,000
Senglea	11,000
Qala	7,500
Għargħur	5,000
Gudja	5,000
Mdina	5,000
Total	115,000

6.3.7 The correspondence dated 25 February 2013 indicated that the Birkirkara and Santa Venera LCs were to benefit from a grant of €12,000 each, even though both grants related to the same project. The official within the Schemes Unit DLG sent an email

¹⁰ 'I am submitting that decided by the Board.'

¹¹ 'Prepare correspondence because it may be the case that the scheme is launched next Sunday.'

on 26 February 2013 to the these LCs, requesting additional information as to which Council would be executing the project. The Executive Secretary Santa Venera LC replied on 26 February 2013 stating, '*Daqt nibgħatlek l-applikazjoni, kemm jiffirmali s-Sindku illum stess*'.¹² The Officer within the Schemes Unit DLG reverted on the same date, stating that the DLG was requesting an explanation of how the project was to be managed, its cost and who would be providing financial assistance. In its reply, dated 26 February 2013, the Santa Venera LC stated that the relevant MEPA permits were issued to the Birkirkara LC. The Executive Secretary Santa Venera LC also stated that a co-financed amount of €280,000 was to be obtained from a local bank, central government and the Good Causes Fund.

- 6.3.8 On 26 February 2013, the official within the Schemes Unit DLG sent an email to the OPM official, stating that the Għargħur LC was allocated funding (€5,000) in excess of that applied for (€4,481) and requested a revision of the allocated amount. The OPM official replied on 26 February 2013 and stated that the Għargħur LC was to be awarded the amount applied for, that is, €4,481. Also raised in this correspondence was an issue relating to the grant allocated to the Birkirkara and Santa Venera LCs. Reference was made to the fact that each LC was to be awarded a grant of €10,000, rather than the previously stated €12,000. No justification regarding the decrease in funding was cited in the documentation provided. When queried on this point, the OPM official stated that since the LCs were proposing a joint project, the Committee decided to decrease the grant allocated. In view of these changes, the revised approved funding amounted to €110,481 instead of the €115,000 presented in Table 40. The NAO noted that the funds allocated to the Birkirkara/Santa Venera/Fleur de Lys consortium project were subsequently withdrawn in 2014. This bore no relation to the process by which such funds were allocated (as presented in the preceding paragraph) but was due to the fact that the project had not commenced at the time of the withdrawal of funds.
- 6.3.9 The LCs and ACs whose projects were selected were invited to attend a ceremony on 3 March 2013, during which the grants were to be presented. The NAO noted that the number of beneficiaries had increased from that stipulated in Memo 45/2012, while the amount of funds allocated had exceeded the budget by €5,481. When queried on why the number of beneficiaries had increased, the Policy Coordinator stated that the financial amount allocated to this scheme was sufficient to fund more projects.
- 6.3.10 On the other hand, the 38 applicants that did not benefit from the scheme were sent a letter of rejection on 3 March 2013. Of note was the fact that the reason for the rejection was not cited in such correspondence. When queried on this matter, the Policy Coordinator stated that the reason for refusal was never cited in the letters of rejection and that such reasons would only be provided when requested by the applicants. According to the documentation retained on file, of these 38 applicants, the Birżebbuġa, San Ġwann, Vittoriosa and Żurrieq LCs requested the DLG to provide the basis for the rejection of their proposal, in order to enable them to be in a more informed position when applying for future schemes. In reply to three of these requests (San Ġwann, Vittoriosa and Żurrieq LCs), the DLG stated that the number of applications submitted was considerable and that the amount allocated was limited. The DLG also stated that, in its opinion, it had selected the most innovative projects consistent with the conditions of the scheme. No documentation with respect to the reply to the Birżebbuġa LC was found on file.

¹² 'I will submit the application later today, as soon as it is endorsed by the Mayor.'

Chapter 7

Conclusions

Chapter 7 – Conclusions

7.1 Overview of Schemes Reviewed

7.1.1 In all, the NAO reviewed 25 LC funding schemes undertaken between 2008 and March 2013. Of the 1,262 applications submitted in respect of these schemes, 779 were approved for funding.¹³ Of interest was the number of applications put forward by particular LCs, with the St Paul's Bay LC submitting 55 applications. Also notable were the submissions made by the Munxar (40), Vittoriosa (39), Mellieħa (37), Qormi (35), Fontana (34) and Floriana (32) LCs. Conversely, the Kalkara (10), Gżira (9), Iklin (9), Safi (9), Santa Venera (9), Ta' Xbiex (7), Xgħajra (7), Għasri (5) and Marsaxlokk (4) LCs submitted the least number of applications. This analysis of applications submitted and approved per LC and RC is presented in Table 41. Also indicated is the number of proposals approved as a percentage of applications submitted per LC.

Table 41: Applications submitted and approved per LC/RC, 2008-2013

LC / RC	Applications submitted	Applications funded		LC / RC	Applications submitted	Applications funded	
	No.	No.	%		No.	No.	%
St Paul's Bay	55	24	44	Msida	16	8	50
Munxar	40	31	78	Mtarfa	16	10	63
Vittoriosa	39	18	46	Pembroke	16	4	25
Mellieħa	37	23	62	Żebbuġ (M)	16	11	69
Qormi	35	19	54	Attard	15	9	60
Fontana	34	15	44	Balzan	15	10	67
Floriana	32	20	63	Ħamrun	15	13	87
Għarb	30	14	47	Gudja	14	5	36
Valletta	30	20	67	Luqa	14	10	71
Naxxar	27	20	74	Qala	14	11	79
Xgħira	25	15	60	San Lawrenz	14	9	64
Senglea	24	15	63	Tarxien	14	9	64
Xewkija	24	13	54	Żabbar	14	10	71
Birkirkara	23	15	65	Qrendi	13	8	62
Kerċem	23	18	78	Swieqi	13	7	54

¹³ For the purpose of determining the total number of applications submitted, joint submissions were considered as separate applications by each LC forming part of consortia.

Żebbuġ (G)	23	15	65	Għaxaq	12	7	58
Rabat (G)	22	17	77	Pietà	12	9	75
Nadur	21	15	71	Sannat	12	9	75
Żejtun	21	17	81	Santa Luċija	12	9	75
Marsa	20	10	50	Sliema	12	6	50
San Ġwann	20	9	45	Għajnsielem	11	7	64
Kirkop	19	14	74	Mdina	11	11	100
Marsasċala	19	12	63	Mosta	11	8	73
Mġarr	19	13	68	Kalkara	10	6	60
Rabat (M)	19	15	79	Gżira	9	3	33
Sigġiewi	19	13	68	Iklin	9	4	44
Żurrieq	19	11	58	Safi	9	4	44
Cospicua	18	11	61	Santa Venera	9	6	67
Mqabba	18	14	78	Ta' Xbiex	7	4	57
Paola	18	13	72	Xgħajra	7	5	71
St Julians	18	9	50	Għasri	5	3	60
Fgura	17	8	47	Marsaxlokk	4	4	100
Għargħur	17	11	65	Gozo Region	2	2	100
Lija	17	9	53	Northern Region	2	0	0
Birżebbuġa	16	10	63	LCA	2	0	0
Dingli	16	11	69	Total ²	1,262	779	62

Note:

1. Applications submitted and approved by ACs are included with their respective LC. The only exception relates to the Swatar AC, which falls under the responsibility of two LCs, that is, the Birkirkara and Msida LCs. In this sense, the four applications submitted by the Swatar AC, of which two were selected for funding, have been equally apportioned between the two LCs.
2. The total number of applications includes that submitted by St Theresa College, which is not presented in the Table.

7.1.2 In total, the aggregate funding allocated with respect to the 25 schemes reviewed amounted to €11,519,388. Funds allocated per LC varied widely, with the Mosta LC receiving €809,051, while the Ta' Xbiex LC €13,000. While the allocations presented in Table 42 correspond to the 25 schemes reviewed, it must be noted that the funds granted for road resurfacing works under Memo 45/2010 accounted for a significant amount of the overall allocation, that is, €6,003,251 of the €11,519,388.

Table 42: Funds allocated per LC/RC, 2008-2013

LC	Funds allocated (€)	LC	Funds allocated (€)
Mosta	809,051	Lija	121,110
St Paul's Bay	770,186	Sigġiewi	119,111
Birkirkara	589,955	Qormi	116,734
Mellieħa	417,554	Mġarr	116,180
Munxar	413,510	Sliema	104,000
Valletta	376,965	Kirkop	101,393
Pietà	339,148	Msida	100,945
Żejtun	319,886	Żabbar	95,458
Għarb	311,353	Qala	95,200
Xewkija	310,830	Fgura	92,212
Żurrieq	300,042	Fontana	92,050
Birżebbuġa	299,571	Marsasċala	79,600
Żebbuġ (M)	237,408	Cospicua	78,500

Għaxaq	234,533	Mqabba	74,100
Kerċem	229,897	Għajnsielem	72,000
St Julians	228,371	Mtarfa	71,400
Rabat (G)	218,904	Attard	70,600
Xagħra	218,198	Mdina	70,600
Santa Venera	211,992	San Lawrenz	69,450
Żebbuġ (G)	201,978	Kalkara	68,900
Nadur	191,766	Swieqi	58,100
Tarxien	176,400	San Ġwann	55,100
Vittoriosa	174,763	Sannat	48,064
Senglea	170,480	Gżira	46,247
Floriana	169,511	Xgħajra	42,500
Rabat (M)	163,100	Iklin	39,156
Marsa	158,430	Hamrun	38,100
Paola	155,456	Pembroke	33,500
Luqa	154,649	Għasri	26,500
Għargħur	149,588	Balzan	24,900
Naxxar	134,150	Marsaxlokk	21,000
Santa Luċija	131,053	Gudja	18,900
Qrendi	130,754	Safi	17,000
Dingli	123,850	Ta' Xbiex	13,000
Total			11,514,892

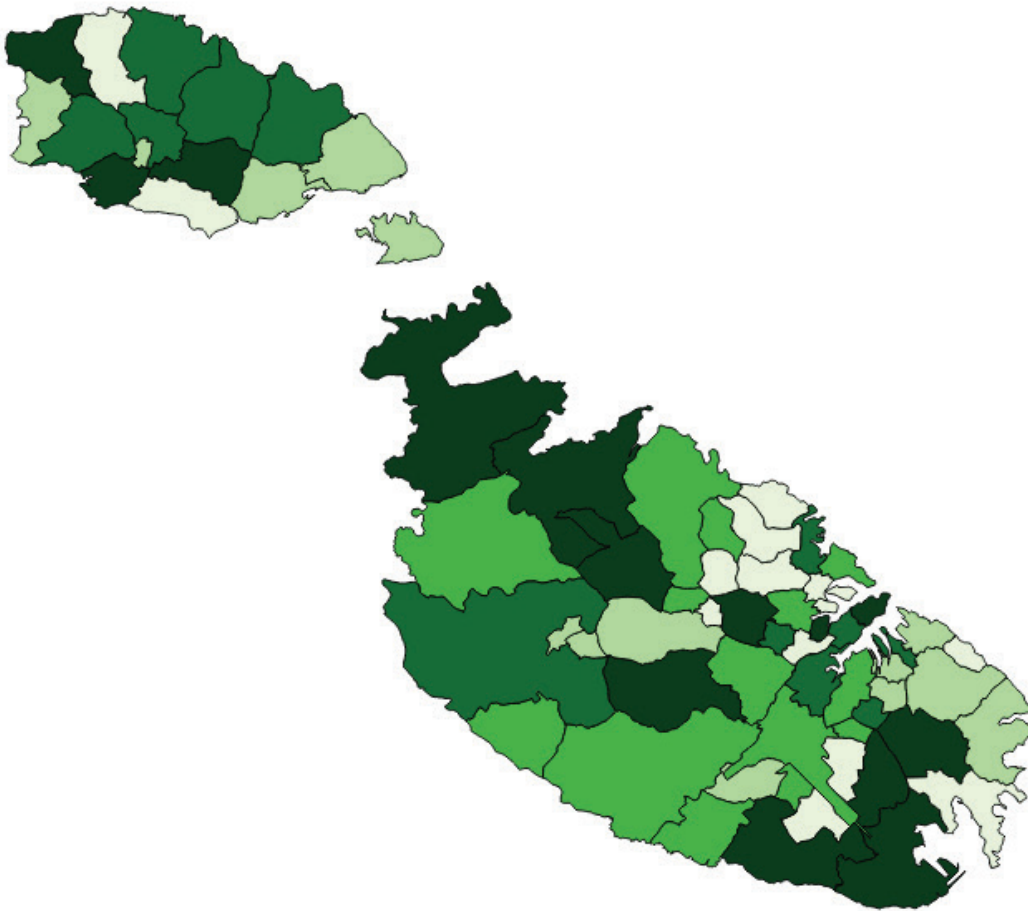
Note:

1. The grants made to the Gozo RC (€2,000) and St Theresa College (€2,500) are not included in the Table.

7.1.3 Figure 1 illustrates the allocation of funds on a per LC basis in respect of the 25 schemes reviewed. All LCs were grouped into quintiles based on their ranking in terms of funds allocated. The extent of funding awarded is reflected in the shading applied, with the darkest colour representing the 20 per cent of LCs in receipt of the highest amount of funds, while the lightest colour represents the 20 per cent of LCs that received the least amount of funds. The categories of funding applied in this context were the following:

- a. Quintile 1 – €13,000 - €62,420;
- b. Quintile 2 – €62,421 - €99,847;
- c. Quintile 3 – €99,848 - €156,051;
- d. Quintile 4 – €156,052 - €232,679; and
- e. Quintile 5 – €232,680 - €809,051.

Figure 1: Allocated funds for 2008-2013 based on quintile classification at the LC level



Notes:

1. Funding allocated to ACs have been attributed to their respective LC. The only exception relates to the Swatar AC, which falls under the responsibility of two LCs, that is, the Birkirkara and Msida LCs. In this sense, the funding allocated to the Swatar AC has been equally apportioned between the two LCs.
2. Funds allocated to consortia were equally apportioned among the applicant LCs.
3. The grants made to the Gozo RC (€2,000) and St Theresa College (€2,500) are not included in the Figure.

7.1.4 Hereunder are the salient conclusions arrived at by the NAO following the review of several schemes intended at financially assisting LCs in the address of particular functions that fall under their responsibility. These were diverse in nature, ranging from the resurfacing of residential roads, to the organisation of cultural events, green initiatives and the restoration of historical artefacts. Although all the schemes were administered by the DLG, this Office's review of Memo 45/2010, relating to the resurfacing of roads, highlighted the intrinsic difference between this and the other schemes analysed. Essentially, Memo 45/2010 was deemed distinct from other schemes by the NAO on grounds of materiality, basis of award and procedural differences. Conclusions have been accordingly structured to reflect this distinction.

7.2 Memo 45/2010: Kuntratti Ġodda dwar Resurfacing ta' Toroq b'Sistema ta' Public Private Partnership

7.2.1 Memo 45/2010 was issued by the DLG on 22 March 2010 and focused on the resurfacing of roads under the responsibility of LCs through PPP schemes. In total, 48 LCs were awarded 54 grants that accounted for a disbursement of €6,003,251.¹⁴

¹⁴ The number of grants does not take into account the subsequent withdrawal of applications by the LCs.

- 7.2.2 The NAO noted that no budget was specifically indicated in Memo 45/2010. Although the DLG indicated that approximately €1,000,000 had been annually allocated to this scheme since its inception in 2010, this Office considered the failure to specify an overall limit as a shortcoming in terms of financial control. Additionally, no capping of the funding to be allocated on a per council basis was stated in the Memo, which would have provided an element of guidance to LCs in planning the scope of the submissions.
- 7.2.3 Furthermore, Memo 45/2010 did not specify a closing date for the submission of applications, yet merely instructed LCs to submit their application at the earliest since requests for financing would only be considered until the fund was exhausted. Applications were to be processed in chronological order based on the date of receipt by the DLG. As a result, LCs put forward proposals for funding over a considerable span of time. In fact, the first application put forward was that by the Pietà LC dated 4 March 2010, while the last one submitted was that by the Mosta LC, dated 7 September 2012. The NAO noted that the allocations largely reflected the principle of award of grants according to the order of receipt. In this Office's understanding, an initial influx of applications submitted between March and May 2010 created a backlog that the Department processed in a staggered manner. As the backlog was gradually reduced, this resulted in a shorter processing time for applications submitted at a relatively late stage. This is particularly evident in the case of applications made from end July 2010 onwards. Although the majority of applications were processed according to the date of submission, a number of exceptions were noted. The NAO was unable to ascertain whether this delay was justifiable or otherwise, as no information accounting for the lag in processing was provided by the DLG.
- 7.2.4 Of concern to the NAO was the fact that the process of award of funds was not overseen by a purposely-appointed Evaluation Committee. This detracted from the level of accountability expected in disbursements of considerable materiality, as in the case of grants allocated under this scheme. Although grants were to be allocated in chronological order, depending on the date of submission, the NAO maintains that authorisation by the DLG or the Parliamentary Secretariat should have been clearly documented. Despite requests made by the NAO, the documentation illustrating the process of authorisation prior to the letter of award was not provided. This was deemed a shortcoming of note by the Office since it was not possible to establish who was responsible for determining whether the submissions were compliant with the requirements set out in Memo 45/2010 and who authorised the award of the grants in this respect. According to the DLG, there was no Evaluation Committee set up, no formal evaluation process carried out and no report drawn up. The DLG indicated that requests for the resurfacing of roads under this scheme were accepted following direction by the PS LC. On the other hand, the PS LC maintained that the DLG was responsible for the receipt, workings, evaluation and contract drafting stages of the process. Once these were completed, the DLG would seek the authorisation of the PS LC to proceed with the award of grants. The PS LC confirmed that applications were processed in batches, yet ultimately, all were approved. When queried about the setting up of an Evaluation Committee, the PS LC indicated that this was not necessary as applications were processed in order of receipt and the grants were based on the cost estimates submitted by the LCs.
- 7.2.5 According to that stated in Memo 45/2010, the DLG was to support this initiative by matching the LCs' financial allocation for road maintenance for the first year of the PPP, effectively doubling the budget available for such works. In the second year

of the PPP, the DLG was to increase the LCs' road maintenance allocation by 25 per cent. The NAO noted that this funding mechanism was not adhered to, and instead, in the letters of award, the DLG indicated that the Department was committing funds equivalent to half the 40 per cent payment that the council was to settle with the contractor, that is, 20 per cent of the total cost on completion and certification of works. In addition, the DLG committed half of the 20 per cent payment due by the LC to the contractor one year after the completion of works. In this respect, the DLG was to fund 30 per cent of the total project cost.

- 7.2.6 When queried on the matter, the DLG indicated that no documentation justifying the change in the modality of financing was traced. Notwithstanding this, the DLG expressed reservations regarding the financial sustainability of that indicated in the Memo. The PS LC provided a contrasting perspective, citing that the difference between the financial allocation as stipulated in the Memo and that actually implemented was minimal. Moreover, the PS LC emphasised the priority assigned to addressing the then poor state of roads, hence justifying the substantial allocation of funds. Although the NAO considers points raised by the DLG regarding the scheme's sustainability as valid, this Office is of the opinion that such concerns could have been anticipated and accordingly mitigated through the establishment of a budgetary limit set for the scheme. Furthermore, the DLG indicated that LCs were not specifically informed of the changes in funding prior to the issuance of the respective letters of award. In this respect, the PS LC indicated that the change in the funding mechanism evolved during meetings held with LCs following the publication of Memo 45/2010, hence implying that the LCs were aware of such changes. The NAO could not verify this matter as no documentation to substantiate that stated was provided.
- 7.2.7 The 54 grants allocated by the DLG with respect to Memo 45/2010 initially amounted to €5,668,539. Of this amount, €3,818,395 were to be paid to the LCs on completion and certification of works. The remaining €1,850,144 was to be transferred to the LCs one year after the completion of works. In aggregate, the overall allocation of €5,668,539 was equivalent to 31 per cent of the total estimated cost of works, which amounted to €18,071,149. Included in this calculation were the grants awarded to the Msida, Pembroke and Santa Venera LCs, for which the corresponding estimated cost of works was unavailable. Eliminating these LCs would result in an allocation of funds equivalent to 30 per cent of the total estimated cost of works.
- 7.2.8 At an LC level, the majority of allocations reflected the 30 per cent DLG commitment cited in the letter of award. Notwithstanding this, the NAO noted a number of exceptions for which no specific documented justification was provided. Based on the review of records made available to this Office, the NAO identified four LCs for which the allocation exceeded the 30 per cent of the estimated cost of works. Specific reference is made to the Żebbuġ (G) LC, which was allocated a grant equivalent to 75 per cent of the estimated cost of works. Similarly anomalous were the grants made to the Xewkija (Batch 2), Mosta (Batch 2) and Kalkara LCs, with allocations equivalent to 50, 45 and 40 per cent of the estimated cost of works, respectively. Equally inconsistent were allocations below 30 per cent, with the Żejtun (Batch 1), Fgura and Żabbar LCs granted funds equivalent to 14, 22 and 23 per cent of the estimated costs, respectively. In this Office's opinion, the failure to appropriately justify and document the departures from the standard DLG commitment detracted from the expected level of accountability and fairness of the process.
- 7.2.9 The NAO noted that the only application refused funding by the DLG was that submitted by the Għasri LC in February 2012. According to the documentation reviewed by this

Office, the cost of works that was eligible under this scheme amounted to €219,921, of which the DLG could have possibly financed a portion. In June 2012, the DLG informed the Għasri LC that its application had not been favourably considered. The reason cited by the Department was that new applications could not be considered as the PPP fund had been exhausted. Although the NAO acknowledges that the application by the Għasri LC was put forward at a considerably late stage in the process, the DLG subsequently granted the Mosta LC an allocation of €650,000 in October 2012 from the same fund. Furthermore, the NAO noted that between the dates of application and refusal, the DLG received refunds amounting to €273,174 resulting from the withdrawal of three LCs from the PPP scheme. In addition, following the refusal of the Għasri LC request, the DLG allocated revised grants amounting to €429,409 to a number of other LCs. While the NAO acknowledges that revisions made with regard to the Iklin, Mġarr and Senglea LCs respected prior DLG commitment levels set at 30 per cent, the additional grants made to the Birkirkara and Munxar LCs did not. In these cases, the DLG commitment to the Birkirkara LC was revised upwards from 30 to 50 per cent, while that of the Munxar LC was increased from 30 to 75 per cent. The revisions effected with respect to these two LCs amounted to €366,467. In light of the foregoing, the NAO finds difficulty in understanding the basis for the rejection of funds with respect to the request made by the Għasri LC. When one considers the amount of funds that the DLG was to commit had the Għasri LC application been accepted and actual allocations made to other LCs shortly thereafter, this Office considers the rejection as unjustified and arbitrary.

- 7.2.10 Nine LCs withdrew from participation in the PPP scheme, with the grants refunded to the DLG amounting to €785,016. Various reasons were cited as justification in this respect, including limited council funds or insufficient grants to cover the planned works as well as a preference to focus on patching works for multiple roads rather than the resurfacing of a few roads. Also cited was a case where the contracted rates that the LC had for works not covered by the PPP were more advantageous than the offers submitted under this scheme and instances where, despite the councils' withdrawal from the scheme, funds were reallocated to other road works within the locality not carried out under Memo 45/2010. While the withdrawal of certain LCs may be understood in terms of the prioritisation of other road works, deemed more critical than those covered by the PPP, other cases in which lack of funds or insufficient grants were cited, may have been conditioned by the significant changes in the extent of funding to be covered by the DLG.
- 7.2.11 Bids received invariably differed from the estimated cost of works on which the initial grant was made. The LCs informed the DLG of the resulting variance, with the Department subsequently revising grants to reflect its 30 per cent commitment to finance road resurfacing costs. Revisions to grants with respect to 50 applications were effected between 4 October 2010 and 1 July 2015, and include the aforementioned withdrawals. The revised cost of works corresponding to these applications amounted to €17,835,528, with aggregate grants revised from €4,872,901 to €5,207,613, resulting in a variance of €334,712. Bearing in mind the original overall allocation of €5,668,539, the final aggregate grants made by the DLG with respect to the PPP scheme amounted to €6,003,251.
- 7.2.12 Revisions effected with respect to 33 applications retained the 30 per cent DLG funding allocation established in the original grant. Notwithstanding the adherence to the 30 per cent commitment, the NAO noted instances of considerable variation between the original grant and the revised grant, with cases where funds were significantly increased and others notably reduced.

- 7.2.13** In the eight cases where the 30 per cent DLG commitment was not adhered to, the NAO noted six instances where increases in grants corresponded to between 41 and 75 per cent of the cost of works. The most significant departure in terms of the percentage committed by the DLG was that of the Munxar LC. Despite a reduction in the number of roads to be resurfaced, the NAO noted that the grant made to this Council was increased by €151,246 to €195,054. This increase was not only attributable to revisions in the cost of works, from €146,024 to €260,072, but also due to an increased DLG funding commitment from 30 to 75 per cent. Similarly anomalous were the revisions made to the grants awarded to the Birkirkara, Għarb, Santa Venera, Valletta and Xewkija (Batch 1) LCs. Aside from these cases, the NAO noted that the Żebbuġ (G) LC grant was subject to a downward revision that similarly did not adhere to the 30 per cent DLG funding commitment. Finally, the NAO noted that the allocation made to the Rabat (G) LC was less than the 30 per cent generally committed by the DLG. Again, this Office is of the understanding that failure to adequately justify and document departures from the standard DLG commitment represent a shortcoming in terms of good governance.
- 7.2.14** The NAO's attention was drawn to five cases where LCs requested DLG authorisation to pay the contractors over a shorter period than the eight years stipulated in Memo 45/2010. In this respect, the Għargħur (Batch 2) and Żejtun (Batch 2) LCs requested that payment be effected over three years, while the Mosta (Batch 2) and Santa Venera LCs requested a four-year payment term. The Għarb LC requested to effect payment of 50 per cent of the amount due on the award of the contract and the remaining 50 per cent on the completion of works. The DLG endorsed this proposal and maintained that the reduction in the payment terms did not imply a corresponding reduction in the period of road maintenance that the contractor was obligated to adhere to. Nonetheless, this Office is of the opinion that this amendment may have jeopardised the LC's position to enforce the contractor's obligation to maintain the roads over the agreed eight-year period as with payment secured, the LC's ability to ensure compliance was weakened.
- 7.2.15** A number of LCs submitted requests to the DLG for the funding of utility-related works that were to be undertaken by the WSC prior to the resurfacing of roads. The NAO reviewed correspondence wherein LCs expressed their concerns about the additional expense that was to be incurred in this respect. In this context, the LCs indicated that this expense had not been planned and budgeted for. This Office noted that no reference to WSC-related works was made in Memo 45/2010, hence justifying concerns raised by the councils. The NAO raised a number of queries with the DLG with respect to the additional allocations made to cover WSC-related costs, since it was noted that additional funds were solely allocated to councils that raised claims to this effect, that is, 18 of the 54 applications granted funding. The DLG was unable to provide a comprehensive account of how funding for WSC-related costs was introduced or to supply any documentation in this respect. Nevertheless, the DLG indicated that WSC-related costs were not necessarily incurred in the case of all roads resurfaced under this scheme and would only have been undertaken when the replacement of water services was required by the Corporation. Furthermore, the DLG raised doubts as to whether LCs would have been in a position to fund these additional expenses from their ordinary budget. The NAO noted that the DLG disbursed funds to cover 30 per cent of WSC-related expenses over and above the DLG allocation on the estimated cost of the project. This was the case in all but the Xewkija (Batch 1 and Batch 2) LC allocations, where the Council was reimbursed 50 per cent of WSC-related costs. In total, 17 LCs benefitted from the partial reimbursement of WSC-related costs that in aggregate amounted to €646,803, of which the DLG committed €182,862.

7.2.16 Of notable concern to the NAO was the poor record-keeping noted with respect to various facets relating to this scheme. Only 10 of the applications submitted were retained by the DLG and the NAO was constrained to refer requests for information to the LCs that had put forward applications for funding, as indicated in the Department's working papers. Following requests made, this Office obtained documentation with respect to 35 out of the remaining 44 applications; however, in certain cases, the information provided was incomplete. Of concern to the NAO was the fact that no information was sourced in respect of eight applications, despite requests made to the DLG and the respective LCs. No information was obtained with respect to applications submitted by the Dingli, Fontana, Gharghur (Batch 1), Kalkara, Msida, Santa Venera, Senglea and Żebbuġ (M) (Batch 2) LCs. In this context, the NAO was constrained to rely on working papers retained by the DLG and could not verify any of the information cited therein. This Office was unable to analyse all the applications as the information made available was fragmented and in certain cases incomplete. Furthermore, the NAO was not provided with any documentation substantiating the cost of works contracted by LCs following the tender process. This information was essential in establishing the basis for revisions to grants, which were originally allocated to LCs based on estimates. Finally, the NAO noted multiple instances where documentation relating to the process of final certification was not made available, hence constraining this Office to rely on the working papers furnished by the DLG.

7.3 Other Schemes undertaken between 2008 and March 2013

7.3.1 The NAO noted serious shortcomings in the retention of documentation relating to the LC funding schemes reviewed. Deficiencies of this nature undermine the accountability and transparency that should characterise disbursements of public funds. In this Office's opinion, these deficiencies are attributable to weak management structures and processes that fail to ensure that the principles of good governance are respected. The overlapping roles of the Parliamentary Secretariat and the DLG are deemed a contributing factor in this respect, resulting in the unclear delineation of the roles and responsibilities that each was to assume.

7.3.2 Application forms submitted by LCs or ACs were not provided to the NAO in 16 out of the 24 schemes reviewed. Furthermore, this Office was furnished with incomplete documentation relating to applications submitted in another three of the funding schemes. The DLG's failure to provide documentation in this regard impeded the NAO from verifying the most basic aspects relating to the schemes, effectively constraining the Office to rely on information compiled by the Department or the Evaluation Committees tasked with the adjudication of the submissions made.

7.3.3 The NAO noted that the appointment of members to Evaluation Committees was not formally documented in the vast majority of the schemes reviewed. Although this Office was generally able to establish the composition of Committees through the review of evaluation reports or meeting minutes, there were instances when this was not possible. Specific reference is made to Memos 25/2009, 48/2009 and 45/2012. While the failure to issue formal letters of appointment may be considered as an administrative shortcoming, the instances where the existence of an Evaluation Committee, or the members appointed thereto, could not be ascertained are of a more serious nature. In these circumstances, it was not possible to determine who was responsible for the evaluation of proposals, essential in providing an element of accountability.

- 7.3.4 Another aspect deemed integral in ensuring accountability is the retention of meeting minutes, which would serve to outline the decision-making process employed by Evaluation Committees. In 18 of the 24 schemes reviewed, the NAO was not provided with any minutes of the meetings held. Furthermore, this Office was provided with partial records relating to meetings with respect to another three schemes, with complete records made available only in the remaining three schemes. The absence of minutes hinders the NAO's understanding of how decisions were arrived at by the appointed Committees, rendering unclear the factors that were considered at the evaluation stage and the rationale employed in determining eligibility, selection and funding.
- 7.3.5 Of serious concern to the NAO were the eight schemes reviewed where no evaluation report was provided despite numerous requests made. This Office considers the evaluation report as a fundamentally important document, as it provides the basis for the allocation of public funds. In the absence of these evaluation reports, the NAO could not establish the justification for such disbursements. In other cases, evaluation reports reviewed provided scant details, merely reproducing extracts from the applications submitted by LCs, without any critical input by the Committee. These scenarios are deemed unacceptable by this Office, effectively detracting from the expected level of accountability that should be evident in decisions leading to substantial disbursement of public funds.
- 7.3.6 Other shortcomings identified related to the lack of the relevant letters of acceptance or refusal in the case of three schemes. This limited the NAO's ability to verify the actual grants made, and whether these reflected that stated in the corresponding evaluation reports. In seven schemes, grants to LCs were formalised through specific agreements regulating the financial allocations made. Indicated in these agreements were the requirements that LCs were to abide by in honouring obligations central to securing funds. This was considered a positive development, resulting in the better regulation of the disbursement of public funds.
- 7.3.7 Aside from the general conclusions cited in the preceding paragraphs, the NAO identified a number of concerns specific to particular schemes. These shortcomings are presented hereunder according to the relevant scheme.

Memo 37/2008: Skema dwar Attivitajiet Kulturali

- 7.3.8 In principle, the scoring method adopted by the Evaluation Committee was sound, with clear criteria established indicating how the ratings were to be determined and the grants corresponding thereto appropriately defined. However, based on the information provided, the NAO noted that the scoring process was not completed by all the members of the Committee, hence impacting the evaluation process. This Office's concern was also drawn to that stated by the Chair and a member on the Evaluation Committee. The latter, an OPM official within the Tourism and Sustainable Development Unit, noted that the final marks were adjusted in order to allocate different grants than would otherwise have been granted had the average marks established by the Committee members been adhered to. According to the Chair, when changes were made to the Committee's decisions, the Parliamentary Secretariat for LCs would have been responsible for such adjustments. The NAO considers interventions of this sort unwarranted, rendering superfluous the role of the Evaluation Committee.
- 7.3.9 The NAO noted an element of inconsistency in the treatment of late applications. The Evaluation Committee correctly deemed the application made by the San Ġwann LC

and the supplementary submissions put forward by the Tarxien LC as ineligible on the grounds that these were submitted beyond the stipulated deadlines. However, this approach was not applied in the case of the submission made by the Mellieħa LC, with the working papers reviewed indicating that this too was a late application. This Office concluded that the acceptance of this proposal was inconsistent with the refusal of other late applications.

Memo 38/2008: Skemi dwar Proġetti Energy Saving

- 7.3.10 A positive aspect of the evaluation process was the systematic analysis leading to the allocation of funds, which factored in the estimated savings on a per project basis. The NAO established that this approach was based on the input provided by the MRA official appointed as a member on the Evaluation Committee. This Office is of the opinion that the technical expertise provided in this respect effectively represented a logical basis for the allocation of funds.
- 7.3.11 Notwithstanding the above-cited, the NAO noted an element of inconsistency in the determination of the eligibility or otherwise of the application submitted by the Żebbuġ (M) LC. The justification cited for the rejection was that the project did not meet the eligibility criteria specified in Memo 38/2008. However, similar applications submitted by the Kalkara and St Paul's Bay LCs were approved for funding. The basis of the decision relating to the ineligibility of the Żebbuġ (M) LC application remained unclear to the NAO, owing to the sparse documentation provided, which constrained this Office in establishing a comprehensive understanding of facts.
- 7.3.12 The NAO noted that no formal authorisation regarding the revision in the allocated budget from €178,200 to €314,900 was on file. Despite this, the Evaluation Committee revised the grants made to LCs, utilising amended funding parameters that were uniformly applied to all eligible submissions. Moreover, the €10,000 capping originally set during the initial allocation of funds was maintained in the revisions made. The retention of this limit was consistent with the original scope of the scheme, thereby ensuring fairness. Finally, the NAO noted that LCs were informed of the requirement to issue a call for tenders in the letter of award. This contrasted with that originally stipulated in Memo 38/2008, which specified that LCs were to obtain three quotations. This revision may be understood in terms of the higher allocations made to each LC, which now exceeded the threshold indicated in Article 24(c) of the Local Councils (Financial) Regulations Act (Cap. 363.01), hence necessitating recourse to a call for tenders.

Memo 24/2009: Skema dwar Aċċessibilità Aħjar fil-Lokalitajiet

- 7.3.13 The NAO noted an element of inconsistency in the consideration of late applications by the Evaluation Committee. Specific reference is made to the application submitted by the Rabat (M) LC, which was initially deemed ineligible on the grounds of its submission past the closing date, only for this decision to be subsequently reversed. This reversal was deemed irregular by the NAO, particularly when one considers that other applications, such as that by the LCA, were correctly rejected, in line with that stipulated in the guidance notes. This Office was not provided with any information justifying this departure from requirements.
- 7.3.14 Another requirement stipulated in the guidance notes yet not fully adhered to in the evaluation process was the submission of the KNPD approval. This Office's attention was drawn to cases where applications were rejected on grounds of failing to provide KNPD clearance, while others were endorsed by the Evaluation Committee despite

identical shortcomings. Although the NAO is cognisant of the fact that its analysis was based on the working papers provided by the DLG, attempts to source more definite information in this regard proved futile. The Policy Coordinator within the Parliamentary Secretariat for LCs, a member on the Evaluation Committee, indicated that proposals not supported with the required KNPD approval would not have been considered for funding. However, the Chair of the Committee provided a contrasting account, claiming that he could not explain this anomaly and that the Secretariat, at times, overturned Committee decisions. Notwithstanding the explanations provided, the NAO could not verify the statements made as no documentation supporting that claimed was provided.

- 7.3.15 The explanations provided by the Chair of the Committee and the Policy Coordinator with respect to grants allocated to the St Paul's Bay and Xewkija LCs were more consistent. Despite not being allocated any marks by the Evaluation Committee, the two LCs were granted funds for these applications. The aforementioned officials on the Evaluation Committee indicated that the decision to allocate these funds was not taken by the Committee and referred to the possible role of the PS LC in overruling Committee decisions.
- 7.3.16 Confirmation of the direct intervention of the PS LC clearly emerged in the grant allocated to the Pietà LC. Although the Evaluation Committee had originally awarded this Council €10,000, in line with the capping stipulated in Memo 24/2009, this amount was subsequently revised to €38,000, an allocation that substantially exceeded the set threshold. The PS LC acknowledged his role in the revision of this grant, citing the Council's poor financial situation and the priority aimed at providing better accessibility to all LC offices. Notwithstanding this, the NAO considers this intervention unwarranted, as it was in breach of the guidelines specified for this scheme and rendered irrelevant the decision taken by the Evaluation Committee.
- 7.3.17 The NAO noted other shortcomings relating to the scheme. First, there was no correlation between the marks assigned by the Evaluation Committee and the grant allocated. Second, aside from the threshold set at €10,000, the capping of grants at 50 per cent of the project cost had not been indicated in Memo 24/2009. Finally, this Office noted an over commitment of funds, from the original budget of €100,000 to €256,784, effectively representing an overallocation of €156,784.

Memo 25/2009: Fondi Speċjali għal Lokalitajiet bi Bżonnijiet Speċjali

- 7.3.18 The NAO's attention with respect to Memo 25/2009 was drawn to the dire lack of documentation made available to this Office, thereby severely impeding the verification of funds allocated. In sum, the NAO was not provided with the documentation indicating the appointment of the Evaluation Committee members, the minutes of the meetings held, the applications submitted by the LCs, the working papers compiled in the decision-making process, the criteria employed in determining eligibility, the basis for selection, the evaluation report, the letters of acceptance and rejection, and the grant agreements. When one considers that the total disbursement resulting from the allocation of grants under this scheme amounted to €565,000, the irregularities highlighted by this Office may only be understood as a failure in terms of accountability, transparency and good governance.
- 7.3.19 The NAO's concern in this respect was also drawn to indications of the PS LC's involvement in the Evaluation Committee, despite the PS LC's affirmations that he did not form part of this Committee. According to the DLG, the initial LC funding schemes were not under the Department's direct responsibility and were steered

by the Secretariat. This was, to a certain extent, corroborated by that stated by the PS LC when justifying allocations made to the St Paul's Bay LC. Notwithstanding the fact that this was a late application, and that this was limited in terms of detail with no cost estimate indicated, the PS LC advocated the granting of funds to this Council in view of the added responsibilities brought about by seasonal fluctuations in the number of residents. Similar interventions were noted with respect to the Marsascala and San Lawrenz LCs, with the PS LC again citing seasonal factors. Although the justifications cited for the allocation of funds were deemed reasonable by the NAO, this Office is of the opinion that the PS LC should have ensured that the proper decision-making structures, reporting arrangements and systems of record-keeping were in place rather than intervene in a direct manner through the allocation of grants to specific LCs.

Memo 28/2009: Skemi dwar Enterprise Support Award u Green Challenge Award

- 7.3.20 The NAO noted that the evaluation procedure and criteria that were to be utilised in the assessment of the applications were outlined in the guidance notes. Although this was deemed a positive aspect of the process, this Office was not provided with any documentation indicating the Evaluation Committee's adherence to the procedures and criteria outlined. Therefore, the NAO was unable to ascertain the basis employed to determine the eligibility, or otherwise, of applications, the rationale adopted in the shortlisting of the submissions and the grounds for award. It is in this context that the NAO considers these shortcomings as detracting from the accountability and transparency of the process leading to the allocation of funds.
- 7.3.21 While Memo 28/2009 clearly specified that late applications would not be considered, the NAO noted an inconsistency in the application of this condition. In the case of the Enterprise Support Award, the application submitted by the Birkirkara LC was classified as a late submission, yet deemed eligible. On the other hand, the application by the Qala LC with respect to the Green Challenge Award was rejected on the grounds of it being submitted past the stipulated deadline. This Office was not provided with any documentation that justified the contrasting decisions taken by the Evaluation Committee in terms of these late applications.
- 7.3.22 Finally, the NAO's attention was drawn to the departures in grants made with respect to the Enterprise Support Award and the Green Challenge Award in comparison to funding allocations outlined in Memo 28/2009. The NAO established that these changes in funding parameters were prompted by the PS LC. However, the PS LC maintained that the rationale behind the change in the funding allocation was motivated by the intention to allocate funds to more LCs than originally planned, while retaining the initial budget set. The NAO contends that the change in funding parameters after the issuance of the Memo could have been avoided.

Memo 42/2009: Skema dwar Inizjattivi ta' Attivitajiet 2010

- 7.3.23 The NAO noted certain shortcomings relating to the application of the marking criteria and the financial allocation determined by the Evaluation Committee. Although a list of the criteria and corresponding marks were clearly specified, the NAO was not provided with documentation indicating their application to the proposals received. This limited the Office's understanding of how applications were scored, which information was considered pivotal in verifying the basis of subsequent financial allocations made by the Committee. While this Office considers the system for the allocation of funds based on marks obtained as valid, the NAO noted a number of instances where allocations were inconsistent with parameters set. Specific

reference is made to the Ġhajnsielem, Għarb, Kerċem, Munxar and Paola LCs, which obtained funding in excess of that due on the basis of the marks obtained. On the other hand, the Vittoriosa LC was granted less funding than that specified in the Evaluation Committee's funding classification. The NAO was unable to source any documentation that explained these anomalies.

7.3.24 An element of inconsistency was noted by this Office when considering that stated in Memo 42/2009 and that decided by the Evaluation Committee. Particular reference is made to the Committee's decision to consider applications submitted beyond the stipulated closing date eligible, which was contrary to that stated in the Memo. Furthermore, while the Memo specified that one application per LC would be considered, the Committee subsequently reversed this decision, allowing for the award of funds to two submissions per LC. The NAO considers this departure as a shortcoming in terms of the scheme's governance, favouring LCs that disregarded the instructions issued through the Memo.

7.3.25 The NAO noted that while the individual allocations respected the €10,000 capping set, the original budget of €250,000 was nevertheless exceeded by €27,000. Moreover, this Office deemed somewhat incongruent the fact that certain letters of agreement were endorsed by LCs prior to the submission of the evaluation report to the DLG.

Memo 48/2009: Fondi Speċjali

7.3.26 In documentation sourced by the NAO, several references were made to the involvement of the PS LC during various phases in the implementation of this scheme. In particular, this Office considered positive the role of the PS LC in terms of his input in drafting the scheme and the authorisation of the disbursements made to LCs. According to documentation reviewed by this Office, Memo 48/2009 was, for the most part, based on correspondence submitted by the PS LC to the DLG. Other working papers indicated that the PS LC had also endorsed the amounts that were allocated to successful LCs prior to the Councils' notification. However, deemed inappropriate was the PS LC's involvement in the evaluation of proposals and determination of funds to be allocated, referred to in correspondence reviewed by this Office. While the NAO considers the involvement of PS LC at the policy and endorsement stages as reasonable, the intervention at evaluation and award stages was unwarranted.

7.3.27 The documentation retained by the DLG with regard to this scheme was scant. No letters of appointment of the members of the Evaluation Committee, minutes of meetings held or the evaluation report ☐ documents that collectively permit evaluation and demonstrate compliance ☐ were provided to the NAO. Other documentation relating to the process of evaluation was equally sparse, with no information relating to the basis for selection provided to this Office. The information made available was deemed insufficient to the extent that it precluded this Office from establishing whether funds were fairly allocated. This also detracted from the required level of governance.

7.3.28 The budget of €250,000, initially appropriated for the scheme, was exceeded by €101,000 in allocations made to LCs. No documentation regarding authorisation obtained for the substantial increase in funding was made available to the NAO; however, the Chair of the Evaluation Committee, the then Director DLG, indicated that increases in funding would have been made at the request of the PS LC.

Memo 7/2010: Skema dwar Aċċessibilità Aħjar fil-Lokalitajiet

- 7.3.29 The NAO noted that the members of the Evaluation Committee, as indicated in the minutes of its first meeting, differed to those listed in its evaluation report. This Office was not provided with an explanation regarding the change in the composition of the Committee, nor was any explanation provided with regard to the significant delay between the deadline for the submission of applications (12 February 2010) and the date of the finalisation of the evaluation report (25 November 2011). The NAO was unable to ascertain whether these developments were related or influenced by other circumstances, as no documentation or explanations were provided, reflecting poorly on the management of the process.
- 7.3.30 Additional shortcomings in terms of the documentation retained were identified in relation to the evaluation process, with no clear basis for ineligibility documented in the evaluation report or other working papers. Although the Committee provided explanations that sought to justify decisions taken, these were not supported with documentary evidence, hence impeding verification. In the specific case of the Għarb, Kirkop and Senglea LCs, first considered ineligible by the Evaluation Committee and later awarded funding, no basis for the change in eligibility was provided. Aside from issues relating to eligibility, the NAO was not provided with working papers that allowed for an understanding of the basis of the selection and eventual award. In this Office's opinion, these shortcomings detracted from the expected level of transparency that should characterise the award of public funds.
- 7.3.31 The NAO's attention was drawn to the imposition of conditions regulating the grants that were not initially indicated in Memo 7/2010. Specific reference is made to the setting of a one-year period for the completion of projects and the implementation of a system of reimbursement against the provision of invoices, fiscal receipts and other documentation. Although this Office considers these conditions as sensible in terms of the implementation of projects and the management of disbursements, these should have been included in the Memo.
- 7.3.32 Although individual grants respected the €10,000 capping set in the Memo, the aggregate allocation in funds exceeded the appropriated budget. While the budget originally set was €100,000, total grants accounted for a disbursement of €194,934. While the PS LC indicated that the increase in funds allocated reflected government's prioritisation of better physical accessibility within the administrative offices of LCs, other buildings owned or administered by the councils, as well as public spaces within the localities, the NAO was not furnished with any documentation indicating authorisation to this effect.

Memo 10/2010: Skema dwar Proġetti ta' Energija Alternattiva

- 7.3.33 On a positive note, the NAO deemed the methodology employed in the evaluation of submissions as representing a logical basis for the allocation of funds. The Committee's detailed workings provided suitable justification in determining the eligibility or otherwise of the submissions made and factored in project costs and estimated savings. These criteria were subsequently utilised as the basis for the allocation of grants to LCs, which was deemed a reasonable and fair approach by the NAO.
- 7.3.34 Notwithstanding the positive points noted with regard to the evaluation process, this Office noted a discrepancy in the number of applications indicated in the evaluation report and that cited in working papers. Although certain discrepancies could be

explained in terms of the amalgamation of related submissions by particular LCs, others could not. These cases raised doubts regarding the completeness of the evaluation process, as no documentation or explanations were provided to account for these discrepancies noted.

- 7.3.35 Although one of the reasons cited by the Evaluation Committee for the rejection of applications was that only one proposal per LC could be approved, the NAO noted that this was not applied in a consistent manner. In fact, the Ħamrun, Santa Luċija and Żejtun LCs were each awarded funds with respect to two projects. Notwithstanding this inconsistency, the total grant allocated to each of these LCs did not exceed the €10,000 threshold per LC specified in Memo 10/2010. Of interest is the fact that the Memo did not specify a limit on the number of applications per LC, but capped the amount that could be allocated to each council.

Memo 15/2010: Fondi Speċjali għal Lokalitajiet bi Bżonnijiet Speċjali

- 7.3.36 The NAO noted that the basis of selection of proposals was not specified in any documentation provided. In this Office's opinion, the evaluation report did not present the grounds on which applications were selected while others were not and merely stated the fact that the selected applications adhered to all the criteria indicated in Memo 15/2010. The only information presented with respect to proposals awarded funding appear to be comments submitted by LCs in their application, without any critical input by the Committee, aside from the amount allocated. On the other hand, the Evaluation Committee justified the refusal for funding by stating that such applications, either lacked the required permits, or funding should have been sourced from schemes that had already been issued earlier that year. The NAO deemed the limited information justifying selection, or otherwise, recorded by the Evaluation Committee as a shortcoming of note, effectively rendering impossible the establishment of the basis for the allocation of funds.

- 7.3.37 Aside from shortcomings in the evaluation process, the NAO identified the imposition of conditions that had not been previously specified in the Memo. Specific reference is made to the requirement that services funded through the scheme were to be rendered by end December 2010 and that half of the allocation was to be made with the letter of acceptance, with the balance paid on the presentation of invoices. While the NAO deems the inclusion of these conditions as positive in terms of the implementation of projects and the management of disbursements, these should have been included in the Memo.

Memo 18/2010: Skema ta' Finanzjament għal Lokalitajiet Sostenibbli

- 7.3.38 Despite that indicated in the evaluation report, that a Committee was tasked with the review of applications submitted with respect to this scheme, the NAO maintains reservations regarding the selection process. These reservations are based on correspondence dated 26 April 2010, wherein it was indicated that the Parliamentary Secretariat for LCs sought to finalise the evaluation process following the identification of eight proposals that were to be allocated funding. This contrasts with that stated in the evaluation report, which specified that the Committee met on 29 April 2010 to assess applications received. This inconsistency raises doubts as to whether the adjudication was actually undertaken by the Evaluation Committee, or by the Secretariat.

- 7.3.39 In its review of the evaluation of applications received, the NAO noted several departures from conditions specified in Memo 18/2010. Particular reference is made

to the consideration of a late application, that submitted by a consortium, despite clear requirements indicating that such submissions were not to be considered. Another change related to the number of LCs that were awarded funding. According to the Memo, two applicants were to receive funding of €25,000 each; however, grants of €20,000 each were made to eight applicants. This resulted in an increase in disbursement of €110,000 over the €50,000 originally budgeted. Justification cited by the PS LC focused on the need for long-term development plans, the numerous valid applications received and the positive outcome of a similar earlier scheme.

Memo 21/2010: Skema ta' Finanzjament għal Restawr ta' Postijiet Storici Żgħar

- 7.3.40 The NAO noted that details provided in the Evaluation Committee report with regard to the vetting process were brief and did not clearly present the grounds on which some applications were selected and others were not. Merely stated in the report was the consideration that the selected applications adhered to all the criteria indicated in Memo 21/2010 and that in view of the considerable number of applications received, the Committee decided to select applications involving the restoration of niches, statues and crosses. The only information presented with respect to proposals awarded funding were project-related details submitted by LCs in their application, without any critical input by the Committee, aside from the amount allocated. On the other hand, the Evaluation Committee justified the refusal for funding by stating that such applications bore no relation to the restoration of niches, statues and crosses. The NAO deemed the limited information justifying selection, or otherwise, recorded by the Evaluation Committee as a shortcoming of note, rendering impossible the effective establishment of the basis for the allocation of funds.
- 7.3.41 The Committee's decision to restrict the award of funds to projects featuring the restoration of particular sites did not reflect that outlined in Memo 21/2010, where no such limitation was specified. The decision to limit funding in this respect was confirmed by the PS LC, who indicated to the NAO that numerous valid applications had been received, but could not be accepted as the available funds were limited. It is in this context that the PS LC provided direction to the Evaluation Committee to restrict funding to the restoration of niches, statues and crosses, claiming that this decision allowed for a wide allocation of funding and resulted in a positive visual impact.
- 7.3.42 Another departure from the Memo related to the number of grants allocated to LCs, which should have been limited to 10 allocations, yet made with respect to 21 applications. The NAO also noted that no overall budget or individual threshold was established for applications or LCs. This Office considers this a shortcoming in terms of the scheme's financial management.

Memo 27/2010: Skema ta' Finanzjament ta' Proġetti Speċjali f'Lokalitajiet Żgħar

- 7.3.43 The NAO's review of correspondence exchanged with respect to Memo 27/2010 indicated the involvement of the PS LC in the shortlisting of applications received. The PS LC maintained that his role in this process was limited to providing general direction and insisted that he had no involvement in the shortlisting process. Furthermore, the PS LC indicated that the correspondence cited related to the preliminary review of submissions undertaken by the Policy Coordinator within the Parliamentary Secretariat for LCs after seeking his views on the scope of the scheme. Notwithstanding the explanations provided by the PS LC, the NAO has reservations

regarding his level of involvement. These reservations are grounded in the NAO's understanding of that cited in the correspondence, which was conditioned by that stated by the Policy Coordinator, that the PS LC would at times indicate projects that he felt should be considered for funding. This concern assumes further relevance when one considers that the shortlisting arrived at by the Evaluation Committee reflected, in the vast majority, that indicated by the Secretariat. Irrespective of whether the recommendations put forward by PS LC and the Policy Coordinator were complied with by the Evaluation Committee, this Office is of the opinion that interventions of this nature should be avoided at all costs, as they effectively impinge on the independence of the Committee.

7.3.44 The NAO noted that the evaluation report lacked details outlining the vetting process undertaken. Information presented in this respect was brief and failed to specify the grounds on which applications were selected, or otherwise. Merely stated was the fact that the selected submissions complied with the criteria stipulated in Memo 27/2010. The only basis for the award of funds cited in the report appear to be extracts from applications submitted by LCs, devoid of any critical input by the Evaluation Committee, aside from the amount allocated. On the other hand, refusals were justified on the grounds that such applications either lacked the required permits, or funding should have been sourced from schemes issued earlier that year. This Office considered the inadequate information recorded in the evaluation report as a notable shortcoming, effectively rendering impossible the establishment of the basis for the allocation of funds.

7.3.45 Other shortcomings identified by the NAO related to the fact that no overall budget for this scheme was indicated in the Memo, while the allocation of 50 per cent of project costs was not respected in the case of six grants. Although the overallocation in four of these awards was immaterial, the grants made to the Fontana and Vittoriosa LCs were significantly in excess of the set threshold.

Memo 32/2010: Skema ta' Għajjuna lill-Kunsilli Lokali li tul is-sena jilqgħu fihom Attivitajiet fuq Skala Nazzjonali li jkunu Organizzati Esklussivament mill-Gvern Ċentrali

7.3.46 Shortcomings noted in respect of Memo 32/2010 were minor in nature. First, the NAO questioned the basis for the allocation of funds, which was deemed somewhat vague owing to the lack of detail regarding the application of selection criteria. Notwithstanding this, the NAO noted that the majority of grants did in fact reflect the purpose of the scheme as indicated to this Office by the DLG, that is, funding for upgrading works required in localities in connection with the papal visit. While the explanation provided by the DLG was considered reasonable by the NAO, this Office is of the opinion that this should have been specified in the Memo. Second, although the overall budget was set at €160,000, the total disbursement exceeded this amount by €33,400. The NAO was not provided with any documentation indicating the authorisation of supplementary funds being directed to this scheme.

Memo 73/2010: Inizjattiva Premju Lokalitajiet Indaf

7.3.47 Memo 73/2010 was intended to encourage LCs and ACs to undertake initiatives promoting cleaner localities. The first part of the scheme entailed the allocation of grants of up to €2,000 for large localities and up to €1,000 for smaller localities. The second part of the scheme related to the best three initiatives undertaken, which were to be granted awards of €20,000, €15,000 and €10,000. The NAO's attention was drawn to the direct allocation of funds under part one of the scheme by the Policy

Coordinator within the Parliamentary Secretariat for LCs, subject to endorsement by the PS LC. This Office considers this input by the Policy Coordinator, as endorsed by the PS LC, as less than ideal. Responsibility for this part of the scheme could have been readily assigned to the Evaluation Committee tasked with overseeing the allocation of awards under part two of the scheme. Notwithstanding this, the NAO acknowledges that the overall disbursement was not material, with the majority of individual grants being less than €500.

- 7.3.48 The NAO recognises the positive role of the Evaluation Committee appointed to oversee the second part of this scheme. The Committee clearly established the criteria that were to be utilised in the evaluation process, assigned weighting to each criterion and informed the participating LCs and ACs of these parameters. This Office noted that the Committee adhered to the parameters established in this respect, clearly indicating its workings in arriving at its decisions. Furthermore, the NAO commends the recommendations made by the Committee intended at improving future similar schemes. Particular reference is made to attempts at mitigating the inequity in the evaluation of proposals submitted by largely dissimilar localities and the recommendation to introduce regular inspections relating to cleanliness, key in assessing awards of this nature. The former point was addressed as, following the Committee's recommendation, the two best initiatives undertaken by ACs were granted €2,500 and €1,000, respectively, which award was not originally envisaged in Memo 73/2010.

Memo 94/2010: Skema ta' Finanzjament għall-Proġetti u Inizjattivi mill-Kumitatii Amministrattivi fil-Lokalitajiet Tagħhom

- 7.3.49 Although the NAO considers the allocation of funds to ACs as a commendable initiative, this Office is of the opinion that the timeframe for the completion of works indicated in Memo 94/2010 was unrealistic. This understanding is supported by the DLG's initial revision in project completion deadline from December 2010 to November 2011, as well as the numerous requests for changes in project scope attributable to difficulties experienced in securing MEPA permits.

- 7.3.50 Furthermore, the NAO noted that the Evaluation Committee did not justify the basis of its decision to refuse funding for the proposals submitted by the Fleur de Lys and Madliena ACs. Although allocations had been made to other proposals submitted by these ACs, the funding allocated was less than the €20,000 threshold established in Memo 94/2010. This Office contends that the Committee should have specified the basis for refusal in its report.

Memo 95/2010: Skema dwar Inizjattivi ta' Attivitajiet 2011

- 7.3.51 In its review of this scheme, the NAO noted that several changes were made with respect to the parameters stated in Memo 95/2010. These changes were indicated in the evaluation report, yet no evidence that all LCs and ACs were informed of such amendments was provided. In this regard, specific reference is made to the extension of the deadline for the submission of the applications, the change in the period within which the activities could be held, and the withdrawal of the condition that only one application could be submitted per LC or AC. The NAO's concern in this context centres on the principle of fairness, as the Office was unable to establish whether all LCs and ACs were notified of the changes in the scheme's parameters.

- 7.3.52 Due to the limited information made available to this Office, the NAO was unable to verify the basis for the allocation of funds. Information deemed essential in this

regard was the application of the criteria set in the guidance notes to the applications received. In this sense, no indication of the marks awarded to each proposal and whether these influenced the amount of funds allocated was outlined by the Evaluation Committee. The only information available was whether proposals were accepted or rejected and funds allocated thereto. Queries addressed to the Chair of the Evaluation Committee did not provide any insight into the basis of selection. This shortcoming was compounded by the fact that the criteria outlined in Memo 95/2010 were subsequently subject to considerable change. It is in this context that the statement in the Evaluation Committee report – that approved applications adhered to the criteria established – was considered inconsistent by the NAO. This Office considers the Committee’s failure to clearly specify the basis of award as a shortcoming of note, detracting from the transparency of the process.

Memo 55/2011: Skema ta’ Finanzjament għall-Proġetti u Inizjattivi mill-Kumitatati Amministrattivi fil-Lokalitajiet Tagħhom

7.3.53 The NAO’s attention was drawn to the ambiguous response provided by the Chair of the Evaluation Committee regarding the award of funds under this scheme. Following queries raised by this Office, the Chair stated that he was not involved in the decision-making process leading to the award of funds and specified that his role was that of ensuring that the DLG had sufficient funds available to cover disbursements made. The NAO has reservations regarding that stated by the Chair of the Evaluation Committee and maintains that the role of Chair certainly warrants direct involvement in the evaluation of submissions, therefore implying an active part in the decision-making process. Irrespective of whether decisions were taken outside of the Committee, or whether this anomalous situation arose as a result of the Chair’s narrow interpretation of his role, the NAO considers this situation as unacceptable.

Memo 65/2011: Skema dwar Inizjattivi ta’ Attivitajiet 2012

7.3.54 The NAO is of the opinion that the evaluation report compiled with respect to Memo 65/2011 merely provides a description of the scheme, applications received and amounts allocated, without any critical input or analysis relating to the process of selection. This Office noted no explanation regarding the basis utilised in the determination of eligibility, or otherwise, no marking criteria and no systematic approach in establishing the amount of funds allocated. This hindered the NAO’s efforts at understanding how the principles of quality, sustainability and viability, cited in the evaluation report as factors in determining the allocation of funds, were applied.

7.3.55 A review of the allocations made indicated that the overall budget set for the scheme was exceeded. In fact, total grants made under Memo 65/2011 amounted to €334,900, which represented an allocation of €84,900 over the initial budget of €250,000. Moreover, although the €10,000 capping per locality originally indicated in the Memo was reiterated in the evaluation report, this proviso was not adhered to in multiple instances. Specific reference is made to the funds awarded to the Floriana LC (€15,000), Kirkop LC (€13,000), Mellieħa LC (€20,000), Rabat (G) LC (€14,000) and Valletta LC (€12,500).

7.3.56 In the case of the Mellieħa LC, aside from the €20,000 allocation, the Council was granted another €5,000. This additional grant, made following correspondence exchanged between the LC and the PS LC, was deemed anomalous by the NAO,

particularly in view of the fact that the capping per locality had already been exceeded and more so in terms of the manner by which the allocation was made. Documentation reviewed by this Office indicated the direct involvement of the PS LC, which was deemed unwarranted.

Memo 87/2011: Skema ta' Finanzjament ta' Proġetti Speċjali

7.3.57 The evaluation report failed to provide any justification regarding the basis of selection of particular projects. The only information presented in the report was a list of the approved projects and their respective funding amount. When queried in this respect, the Policy Coordinator and the DLG official on the Committee provided the NAO with an element of explanation in the form of the principles employed in the selection of applications. Specific reference was made to the scope of the project and its potential impact, among others. However, it must be noted that these assertions were not supported by substantiating documentation illustrating the application of these principles by the Committee. With respect to the projects that were not approved for funding, the NAO was provided with working papers that included a brief justification of the basis of rejection. However, this Office is of the opinion that the reasons put forward by the Evaluation Committee were not sufficiently detailed. Although the explanations sourced by this Office were considered valid in justifying the Committee's decisions not to allocate funds, the NAO is of the opinion that more detailed explanations would have provided a documented and clear understanding of the basis for the rejection of particular projects. In sum, this Office is of the opinion that shortcomings of this nature, whereby decisions relating to the disbursement of public funds are not appropriately documented, detract from the expected level of transparency.

Memo 122/2011: Skema ta' Finanzjament għal Restawr ta' Postijiet Storiċi Żgħir

7.3.58 Of serious concern to the NAO was the absence of any documentation indicating the evaluation of applications submitted with respect to Memo 122/2011. The NAO was not provided with any evidence relating to the setting up and workings of an Evaluation Committee. Neither was the Office provided with any minutes of meetings held. This Office's concern is further compounded by the fact that an evaluation report was not provided, if this was in fact compiled. Although two officials confirmed their role as members of the Committee, the NAO was not provided with any documentation essential in verifying that stated. These lacunae raised serious concerns and prevented this Office from having access to reliable, accurate and adequate source documentation. Moreover, the lack of documentation invariably hindered the verification that the NAO could undertake. This also detracted from the expected level of transparency.

7.3.59 Furthermore, this Office was unable to determine the vetting process by which relevant projects were considered to qualify, or otherwise, for funding under this scheme. In several instances, it was not possible for the NAO to establish the rationale behind decisions to approve certain projects that clearly did not fall under the preferred projects criteria as disclosed in the Memo, while rejecting other more seemingly relevant projects. This Office deemed this a shortcoming of note, representing a failure in terms of the required degree of accountability essential in the disbursement of public funds.

7.3.60 Aside from the above shortcomings, the NAO noted that no overall budget was set with respect to this scheme, nor was any threshold specified in terms of grants that were to be made to LCs. While these parameters were not stipulated, others

that were indicated in the Memo were not adhered to. These departures related to issues of site ownership, the period within which works were to be completed and payment terms.

- 7.3.61 This Office's attention was also drawn to the additional grant awarded to the Senglea LC in February 2014. Although the request for supplementary funds may have been valid, the NAO noted that no documentation to substantiate the granting of these funds was made available. The only information provided was the request raised by the Council and addressed to the Adviser to the Parliamentary Secretary for Culture and Local Government. This Office is of the opinion that such requests should invariably be supported with the relevant documentation, necessary in justifying the allocation of funds.

Memo 17/2012: Skema EGOV4U għall-Kunsilli Lokali

- 7.3.62 The NAO noted no particular shortcomings with respect to Memo 17/2012 as this scheme entailed a straightforward allocation of equal funds to all applicant LCs. The extension made to the deadline for the submission of applications was justified and appropriately communicated to all LCs.

Memo 38/2012: Skema dwar Inizjattivi ta' Attivitajiet 2012/2013

- 7.3.63 The allocation of funds under Memo 38/2012 was to be made following two calls for applications, with each call corresponding to a specific period during which initiatives were to be held. The NAO has no notable concerns relating to the general management of the first call of the scheme, bar developments relating to the increase in funds awarded to the Nadur LC. Correspondence exchanged between the Private Secretary to the Prime Minister, who chaired the Evaluation Committee, and the Minister MJDF indicated the latter's involvement in securing additional funds with respect to the application made by the Nadur LC for its carnival activity. The NAO maintains reservations regarding the correspondence exchanged, deeming the intervention by the Minister MJDF as unwarranted, particularly in view of the fact that he no longer bore any responsibility for LCs.
- 7.3.64 With respect to the second call issued under Memo 38/2012, the NAO noted that no clear basis for the selection of proposals was documented in the evaluation report. While the reasons for the rejection of applications was indicated, the same cannot be stated with respect to the projects selected for funding. Furthermore, the extent of funding was unclear, with no indication provided outlining any criteria employed in determining the grants awarded. In this Office's opinion, these functions were an intrinsic part of the role that was to be fulfilled by the Evaluation Committee, critical in justifying the disbursement of public funds.
- 7.3.65 The NAO noted a revision in the funds allocated to the Marsa LC in August 2013, that is, after the conclusion of the evaluation process with respect to the second call. The additional funds were approved by the Parliamentary Secretary for Culture and Local Government. This Office was not provided with any documentation that substantiated this additional request for funding and queries addressed to the Parliamentary Secretary did not provide a specific basis for this allocation, stating that requests for revisions in funding were generally possible, subject that in total they fell within the line item in the estimates. The NAO considers the justification cited as inadequate, maintaining that revisions to allocations should be supported with relevant documentation justifying the additional outlay.

7.3.66 Following the review of documentation retained by the DLG and despite requests addressed to the Department, the NAO could not ascertain whether an Evaluation Committee was established and in the affirmative, who the members were. Furthermore, the NAO could not trace any minutes corresponding to meetings held by the Committee. Of greater concern was the fact that an evaluation report for projects awarded funds under this scheme was not provided. The only reference to the workings of an Evaluation Committee were indirect and, in view of the numerous shortcomings cited, its existence was deemed dubious by this Office. The only documentation indicating the selection of projects was an email sent by an OPM official to an official within the Schemes Unit DLG in February 2013, indicating the projects that were selected for funding. In this email, the OPM official indicated the amounts reportedly allocated by the Evaluation Committee. The abject lack of documentation noted with respect to Memo 45/2012 raised serious concern and impeded this Office from undertaking a thorough review of the disbursement of funds. Moreover, this lack of documentation hindered the process of verification and detracted from the required degree of transparency and accountability.

7.4 Overall Conclusion

7.4.1 In principle, the NAO considers the LC funding schemes to constitute an effective means of support afforded to LCs by central government. Such schemes are particularly effective in aligning local government initiatives with central government priorities through the channelling of funds to specific activities, functions and projects. Furthermore, the schemes serve as an effective means in addressing gaps in the funding mechanism that arise from incongruence between the parameters utilised in the funding model and particular locality characteristics that are not reflected in the criteria on which the annual allocations to LCs are based. Among others, these gaps may relate to the added burden to LCs in addressing the influx experienced due to seasonal, commercial or touristic factors. Despite the evident validity of the schemes, the NAO noted a number of shortcomings relating to their management and administration.

7.4.2 The NAO noted that no budget was set for a number of schemes. This was particularly evident in the scheme for the resurfacing of roads, which resulted in a disbursement in excess of €6,000,000. This Office considered the failure to specify an overall limit as a shortcoming in terms of financial control. Other concerns relating to financial control applied to instances when budgets were set yet not adhered to. In the majority of cases, variations in this respect resulted in the allocation of additional funds; however, this Office was not provided with documentation indicating justification for the increased allocation and authorisation obtained. Notwithstanding this, the NAO established that the PS LC generally authorised the additional allocation of funds, citing the many valid applications made by LCs and the broad support that such funding afforded.

7.4.3 The NAO identified serious shortcomings in the retention of documentation relating to the LC funding schemes reviewed. Application forms submitted by LCs were not provided to the NAO, or deemed incomplete by this Office, in the majority of schemes reviewed. The DLG's failure to provide documentation in this regard impeded the NAO from verifying the most basic aspects relating to the schemes, effectively constraining the Office to rely on information compiled by the Department or the Evaluation Committees tasked with adjudication. Other missing documentation,

albeit to varying degrees, related to the appointment of Evaluation Committee members, minutes of meetings, evaluation reports and letters of acceptance or refusal. Deficiencies of this nature undermined the accountability and transparency that should characterise the disbursement of public funds. In this Office's opinion, these deficiencies are attributable to weak management structures and processes, which fail to ensure that the principles of good governance are respected.

- 7.4.4 The NAO noted that the appointment of members to Evaluation Committees was not formally documented in the vast majority of the schemes reviewed. Although this Office was generally able to establish the composition of certain Committees through the review of evaluation reports or meeting minutes, there were instances when this was not possible. While the failure to issue formal letters of appointment may be considered as an administrative shortcoming, the instances where the existence of an Evaluation Committee, or the members appointed thereto, could not be ascertained are of a more serious nature. In these circumstances, it was not possible to determine who was responsible for the evaluation of proposals, essential in providing an element of accountability.
- 7.4.5 Of serious concern to the NAO were the schemes where no evaluation report was provided despite numerous requests made. This Office considers the evaluation report as a fundamentally important document, as it provides the basis for the allocation of public funds. In the absence of these evaluation reports, the NAO could not establish the justification for such disbursements. In other cases, evaluation reports reviewed provided scant details, merely reproducing extracts from applications made by LCs and lacking any form of critical input by the Committee. These scenarios are deemed unacceptable by this Office, effectively detracting from the expected level of accountability that should be evident in decisions taken leading to substantial disbursements of public funds.
- 7.4.6 Another aspect deemed essential in ensuring accountability is the retention of meeting minutes, which would serve to outline the decision-making process employed by Evaluation Committees. In the majority of schemes reviewed, the NAO was either not provided with any minutes or only furnished with incomplete records relating to meetings held. The absence of minutes hindered the NAO's understanding of how decisions were arrived at by the appointed Committees, rendering unclear the factors that were considered at evaluation stage and the rationale employed in determining eligibility, selection and funding. Similar concerns emerge with respect to revisions in grants, which at times were substantial in terms of materiality yet inadequately justified. The NAO noted other shortcomings relating to how applications were scored and the subsequent allocation of funds arising therefrom. Although a list of criteria and corresponding marks were at times specified, the NAO was generally not provided with documentation indicating their application to proposals received.
- 7.4.7 In the NAO's opinion, the Parliamentary Secretariat for LCs, the DLG and the various Evaluation Committees each had key functions in the overall management, administration and implementation of the funding schemes. However, at times, the NAO deemed the intervention of the Secretariat as unwarranted, encroaching on the remit of the Evaluation Committees and the DLG. This Office identified instances where the Parliamentary Secretariat was involved in the shortlisting of applications received, the evaluation of submissions and the determination of funds to be allocated. Evident in this sense was the input of the PS LC and the Policy Coordinator within the Secretariat. The NAO recognises that interventions by the Policy Coordinator

at times emanated from her role as Chair or member of Evaluation Committees. Yet, the NAO identified instances that could not be understood in this context. On the other hand, the PS LC maintained that his role was mainly to provide general direction, oversight of the schemes and support in case of difficulties encountered. However, the PS LC insisted that his interventions never resulted in the withholding or redirection of funds to specific LCs, but were meant to facilitate the allocation of funds among LCs. Nevertheless, the NAO maintains an element of reservation, as documentation reviewed indicated otherwise, with the PS LC's involvement occasionally impinging on the independence of the Evaluation Committees. At times, interventions by the PS LC resulted in the overruling of decisions taken by the Evaluation Committees, rendered evident in revisions to grants while, on occasion, the Committee was bypassed with LCs sourcing funding through direct recourse to the PS LC. This Office is of the opinion that the PS LC should have ensured that the proper decision-making structures, reporting arrangements and systems of record keeping were in place rather than intervene in a direct manner through the allocation of grants to specific LCs. While the NAO considers the involvement of PS LC at policy stage and endorsement as reasonable, interventions at evaluation and award were unwarranted.

- 7.4.8 Other shortcomings identified by the NAO may broadly be understood as departures from the conditions stipulated in memos and guidance notes issued with respect to the schemes. These instances of non-adherence related to various aspects, including changes in the modality of financing, the treatment of late applications, stipulated completion dates and payment terms. Other departures involved the extension of deadlines for the submission of applications and the failure to adhere to thresholds set. These changes were often inadequately documented, rendering it impossible for the NAO to establish whether all LCs were notified of changes in the schemes' parameters, thereby ensuring the principle of fairness.
- 7.4.9 The NAO's attention with respect to Memo 25/2009 was drawn to the dire lack of documentation made available to this Office, thereby severely impeding the verification of funds allocated. In sum, the NAO was not provided with documentation indicating the appointment of Evaluation Committee members, minutes of the meetings held, the applications submitted by LCs, the working papers compiled in the decision-making process, the criteria employed in determining eligibility, the basis for selection, the evaluation report, the letters of acceptance and rejection, and the grant agreements. When one considers that the total disbursement resulting from the allocation of grants under this scheme amounted to €565,000, the irregularities highlighted by this Office are a failure in terms of accountability, transparency and good governance. Similar concerns may be extended to Memo 122/2011, where the aggregate allocation of grants amounted to €109,000. The lacunae identified in these cases raise serious concerns as these prevented the NAO from having access to reliable, accurate and adequate source documentation, thereby detracting from the expected level of transparency.

Appendices

Appendix A – Request by the Public Accounts Committee



MINISTERU GHALL-GUSTIZZJA, KULTURA
U GVERN LOKALI
YOLU TETTERIJA, GHAZIZZI, MALTA

Illum is-25 ta' Marzu, 2015

MJCL 95/15/ob

Lis-Sur Anthony C. Mifsud
Awditur Ġenerali
Uffiċju Nazzjonali tal-Verifika
Notre Dame Ravelin
Floriana FRN1600

Għażiż Sur Mifsud,

Qed niktbulek b'referenza għall-varji skemi ta' għajnuniet għall-Kunsilli Lokali li ġew immedija minn żmien għal żmien minn amministrazzjoni preċedenti matul il-leġiżlatura 2008-2013.

L-uffiċju tiegħek diġa' kellu l-opportunita' jippronunzja ruhu dwar kif dawn l-iskemi jew uħud minnhom wasslu biex hallew numru ta' Kunsilli Lokali f'qagħda finanzjarja diffiċli. Minbarra dan, irid jiġi aċċertat li dawn il-fondi tqassmu skont il-prinċipji tat-trasparenza u l-*good governance* u bi proċessi opportuni li jggarantixxu s-serjeta'.

Għaldaqstant qegħdin nitolbuk, skont il-poteri li tagħtina l-liġi bħala Ministru u Segretarju Parlamentari responsabbli mill-Gvern Lokali rispettivament, biex formalment tnedi investigazzjoni dwar it-thaddim tal-varji skemi ta' għajnuniet għall-Kunsilli Lokali mmedija matul l-amministrazzjoni preċedenti, il-proċessi u l-istrutturi governattivi li ntużaw u jekk id-deċiżjonijiet amministrattivi relattivi de quo kinux jilhq u l-livell ta' trasparenza u *good governance* mistennija f'dawn it-tip ta' proċeduri.

Qed nannettulek ma' dina l-ittra lista tal-iskemi li qed naghmlu referenza għalihom.

Insellu għalik,

Owen Bonnici
Ministru għall-Ġustizzja, Kultura u Gvern Lokali
Membru tal-Kumitat għall-Kontijiet Pubbliċi

Stefan Buontempo
Segretarju Parlamentari għall-Gvern Lokali

Din l-ittra qed tiġi ffirmata wkoll mis-segwenți membri tal-Kumitat għall-Kontijiet Pubbliċi:

Segretarju Parlamentari Chris Agius
Membru tal-Kumitat għall-Kontijiet Pubbliċi

Nutar Dr Charles Mangion
Membru tal-Kumitat għall-Kontijiet Pubbliċi

- A. L-iskema, jew fondi, jew l-iskemi kollha li jirrigwardjaw ir-resurfacing ta' toroq b'sistema ta' Public Private Partnership skont kif spjegat fil-Memo 45/2010 hawnhekk annessa u mmarkata Dok 'PPP' mahruġa fit-22 ta' Marzu 2010 mill-Uffiċċju tal-Prim Ministru għall-perjodu kollu li jkopri l-kumpliment tal-leġislatura preċedenti.

B.

Skemi għall-2009	
	Ammont Kommess
Sustainable Development	€75,000.00
Cultural Activities	€144,500.00
Sports	€16,631.40
Energy Savings	€314,900.00
Special Needs	€565,000.00
Libraries	€29,354.00
Special Projects	€351,000.00
Clean Localities	€85,110.89
Better Accessibility	€246,784.10
Local Enterprise Awards	€90,000.00
Green Challenge Awards	€90,000.00
	€2,008,280.39

C.

Skemi għall-2010	
	Ammont Kommess
Sustainable Development	€160,000.00
Administrative Committees	€233,000.00
Cultural Activities	€276,500.00
Small Localities	€240,000.00
Sports	€24,594.58
Alternative Energy	€188,900.00
Special Needs	€538,000.00
Libraries	€26,908.00
Historical Places	€161,000.00
National Activities	€96,700.00
Lifelong Learning	€46,627.90
Cleaner Localities	€66,391.00
	€2,058,621.48



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Culture & Local Government

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D. Skemi għall-2011	
	Ammont Kommess
Administrative Committees	€279,752.30
Cultural Activities	€280,800.00
Sports	€27,744.50
Libraries	€20,618.00
Cultural Activities 2012	€340,900.00
egov4u	€75,000.00
Lifelong Learning	€15,366.28
Accessibility	€194,934.00
	€1,235,115.08

E. Skemi għall-2012	
	Ammont Kommess
Sports	€29,113.06
egov4u	€75,000.00
Libraries	€22,016.00
Lifelong Learning	€23,317.00
Lokaltajiet Zghar	€101,000.00
Progetti Speċjali	€101,300.00
Postijiet Storici	€109,000.00
Kultura Part I	€74,500.00
	€535,246.06

F. Skemi għall-2013 (sa tmiem il-leġislatura preċedenti)	
	Ammont Kommess
Kultura Part II	€171,000.00
Sports	€29,842.88
Libraries	€26,807.82
Book Box	€8,800.00
Special Initiatives	€110,500.00
	€346,950.70



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P 99

L-UFFIĊĊJU TAL-PRIM
MINISTRU



OFFICE OF THE
PRIME MINISTER

Dipartiment għall-Gvern Lokali

Department for Local Government

Ref. Tagħna: LCD 13/1994/XII

22 ta' Marzu 2010

Lis-Sindki, Viċi Sindki,
Kunsillieri Lokali u
Segretarji Eżekuttivi
Kunsilli Lokali

MEMO 45/2010

KUNTRATTI ĠODDA DWAR RESURFACING TA' TOROQ B'SISTEMA TA' PUBLIC PRIVATE PARTNERSHIP

Bhal ma gējtu infurmati f'diversi okkazzjonijiet, minn din is-sena ser jibda jithaddem il-kuncett ta' *Public Private Partnership* fejn jidhol ir-resurfacing ta' toroq li jaqghu taht ir-responsabbiltà tal-Kunsilli Lokali.

Għal dan il-ghan, gēw imhejjija *specific conditions* ta' Sejha għall-Offerti li l-Kunsilli Lokali jkunu jistgħu johorgu biex jagħmlu dan ix-xogħol f'numru ta' toroq residenzjali tagħhom. Il-kuncett bażiku ta' dan it-tender huwa li Kunsill jidhol fi ftehim ma' kuntrattur biex dan ta' l-ahhar jagħmel xogħol ta' *resurfacing* fuq numru ta' toroq tal-Kunsill liema toroq ikunu identifikati minn qabel mill-Kunsill fil-hruġ tas-Sejha. Dan ix-xogħol irid jitwettaq fi zmien sena. Barra minn hekk, il-kuntrattur jintrabat li jagħmel xogħol ta' manutenzjoni fuq dawn it-toroq għal tmien snin.

Il-metodu tal-hlas ta' dan il-kuntratt ser ikun hekk: Wara li jitlestha' ix-xogħol ta' *resurfacing*, il-Kunsill ikun irid iħallas 40% tas-somma tal-kuntratt. Wara l-ewwel sena mit-twertiq tax-xogħol, il-Kunsill iħallas 20% tal-kuntratt u wara t-tieni sena il-Kunsill iħallas 10%. Imbghad għas snin l-oħra sat-tminn sena, il-Kunsill iħallas 5% kull sena.

Bhala parti mill-iskemi ta' fondi speċjali 2010 kien gēw imħabbar li ser ikun hemm fond speċjali biex jgħin lil dawk il-Kunsilli li jkunu interessati jidhlu f'dan it-tip ta' kuntratt. Għaldaqstant, dawk il-Kunsilli Lokali li huma interessati għandhom jidentifikaw numru ta' toroq li jridu jiġu inklużi fis-Sejha u jibgħatu lista ta' dawn flimkien ma stima minn perit ta' kemm ser jiġi jiswa dan il-kuntratt. Malli dan id-Dipartiment japprova din il-lista, il-kunsill ikun jista' jipproċedi billi johroġ is-Sejha bl-*ispecific conditions* li qed jiġu meħmuza ma' din iċ-ċirkolari. F'dan il-każ, id-Dipartiment jikkommetti ruħu li għall-ewwel sena, jirdoppja l-ammont li l-Kunsill għandu fl-allokkazzjoni finanzjara tiegħu fuq manutenzjoni ta' toroq, fil-waqt li għat-tieni sena, il-Kunsill jingħata 25% zieda fuq l-allokkazzjoni tiegħu għall-manutenzjoni ta' toroq.

26 TRIQ L-ARĊISQOF, VALLETTA VLT 1443
TEL: 21 226534-6 FAX: 21 224904


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Dawk il-Kunsilli li huma interessati jridu jissottomettu l-applikazzjoni tagħhom malajr kemm jista' jkun għaliex dawn l-applikazzjonijiet jibqgħu miftuħa sakemm jittiehed il-vot kollu allokat għad din l-iskema. L-applikazzjonijiet jiġu ipproċessati fl-ordni li jidhru fid-Dipartiment.

Jekk jogħġbokkom indirizzaw l-applikazzjonijiet tagħkom lid-Direttur (Gvern Lokali), għall-attenzjoni tas-Sinjura Deborah Pace.

Silvio Frendo
ghad-Direttur, Gvern Lokali

Memhuża: *Specific Conditions* għar-resurfacing ta' toroq

Kopji: Segretarju Parlamentari għall-Konsumatur, Kompetizzjoni Gusta, Kunsilli Lokali u Konsultazzjoni Pubblika, Uffiċċju tal-Prim Ministru
Kelliemi Ewlieni tal-Oppozizzjoni għall-Gvern Lokali
Segretarju Permanenti (ITSD), Uffiċċju tal-Prim Ministru
Segretarju Privat tal-Prim Ministru, Uffiċċju tal-Prim Ministru
Direttur Ġenerali (Informazzjoni, Gvern Lokali u Konsultazzjoni Pubblika), Uffiċċju tal-Prim Ministru
Awditur Ġenerali
Ombudsman
President, Assoċjazzjoni Kunsilli Lokali
President, Assoċjazzjoni Segretarji Eżekuttivi Kunsilli Lokali (Malta)

SF/sf – tendering- PPP resurfacing tender

NUM 0112 (għall-impjegħ) - 1996/01 G
1996/01 G
1996/01 G & 1996/01 G



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Appendix B – List of Schemes ranked according to Funds Committed

Memo	Scheme	Amount committed (€)
25/2009	Fondi Speċjali għal Lokalitajiet bi Bżonnijiet Speċjali	565,000
15/2010	Fondi Speċjali għal Lokalitajiet bi Bżonnijiet Speċjali	538,000
48/2009	Fondi Speċjali	351,000
65/2011	Skema dwar Inizjattivi ta' Attivitajiet 2012	334,900
38/2008	Skemi dwar Proġetti Energy Saving	314,900
55/2011	Skema ta' Finanzjament għall-Proġetti u Inizjattivi mill-Kumitati Amministrattivi fil-Lokalitajiet	279,752
42/2009	Skema dwar Inizjattivi ta' Attivitajiet 2010	277,500
95/2010	Skema dwar Inizjattivi ta' Attivitajiet 2011	267,500
24/2009	Skema dwar Aċċessibilità Aħjar fil-Lokalitajiet	256,784
38/2012	Skema dwar Inizjattivi ta' Attivitajiet 2012/2013	243,500
27/2010	Skema ta' Finanzjament ta' Proġetti Speċjali f' Lokalitajiet Żgħar	240,000
94/2010	Skema ta' Finanzjament għall-Proġetti u Inizjattivi mill-Kumitati Amministrattivi fil-Lokalitajiet	233,000
7/2010	Skema dwar Aċċessibilità Aħjar fil-Lokalitajiet	194,934
32/2010	Skema ta' Għajjnuna lill-Kunsilli Lokali li tul is-sena jilqgħu fihom Attivitajiet fuq Skala Nazzjonali li jkunu Organizzati mill-Gvern Ċentrali	193,400
10/2010	Skema dwar Proġetti ta' Energija Alternattiva	188,900
28/2009	Skemi dwar Enterprise Support Award u Green Challenge Award	180,000
21/2010	Skema ta' Finanzjament għal Restawr ta' Postijiet Storiċi Żgħar	161,000
18/2010	Skema ta' Finanzjament għal Lokalitajiet Sostenibbli	160,000
37/2008	Skema dwar Attivitajiet Kulturali	144,500
45/2012	Skema ta' Finanzjament ta' Inizjattivi Speċjali 2013	115,000
122/2011	Skema ta' Finanzjament għal Restawr ta' Postijiet Storiċi Żgħar	109,000
87/2011	Skema ta' Finanzjament ta' Proġetti Speċjali 2011	101,300
63/2011	Skema ta' Finanzjament ta' Proġetti Speċjali f' Lokalitajiet Żgħar	101,000
47/2009	Inizjattiva Premju Lokalitajiet Indaf	85,111
11/2009	Proġetti Pilota għat-Tfassil ta' Strategija ta' Żvilupp Sostenibbli	75,000
60/2011	Skema EGOV4U għall-Kunsilli Lokali	75,000
73/2010	Inizjattiva Premju Lokalitajiet Indaf	66,791
17/2012	Skema EGOV4U għall-Kunsilli Lokali	50,000
52/2010	Skema ta' Għajjnuna Finanzjarja għal Korsijiet Lifelong Learning	46,628
49/2012	Skema dwar Inizjattivi Sportivi fil-Lokalitajiet 2013	29,843
6/2009	Libreriji Reġjonali	29,354
90/2011	Skema dwar Inizjattivi Sportivi fil-Lokalitajiet 2012	29,113
121/2010	Skema dwar Inizjattivi Sportivi fil-Lokalitajiet 2011	27,745
16/2010	Għajjnuna lill-Kunsilli Lokali li għandhom ir-risponsabbiltà ta' Librerija Lokali	26,908
40/2012	Għajjnuna lill-Kunsilli Lokali li għandhom ir-risponsabbiltà ta' Librerija Lokali	26,808
52/2009	Skema dwar Inizjattivi Sportivi 2010	24,595
27/2012	Skema ta' Għajjnuna Finanzjarja għal Korsijiet Lifelong Learning 2012/13	23,317
120/2011	Għajjnuna lill-Kunsilli Lokali li għandhom ir-risponsabbiltà ta' Librerija Lokali	22,016
9/2011	Għajjnuna lill-Kunsilli Lokali li għandhom ir-risponsabbiltà ta' Librerija Lokali	20,618
5/2009	Skema dwar Inizjattivi Sportivi	16,631
44/2011	Skema ta' Għajjnuna Finanzjarja għal Korsijiet Lifelong Learning	15,366
56/2012	Skema ta' Finanzjament ta' Proġett Pilota – Inizjattiva Imsejha Book Box	8,800

Note:

1. The schemes shaded in green were selected for review.

RECENT AUDIT REPORTS ISSUED BY THE NAO

NAO Audit Reports

October 2015	An Investigation of matters relating to the Emphyteutical Contract between Government and the General Workers Union
November 2015	An Investigation into the Issuance of Encroachment Permits between December 2012 and March 2013
December 2015	Annual Audit Report of the Auditor General - Public Accounts 2014
December 2015	Annual Audit Report of the Auditor General - Local Government 2014
January 2016	An Investigation of Government's Expropriation of Two One Fourth Undivided Shares of the Property at 36 Old Mint Street, Valletta
February 2016	Performance Audit: Agreements between Government and Conservatorio Vincenzo Bugeja on Jeanne Antide and Fejda Homes
February 2016	Performance Audit: Service Agreements between Government and INSPIRE Foundation
April 2016	Performance Audit: An Analysis on OHSA's Operations - A Case Study on the Construction Industry
May 2016	Information Technology Audit: Mater Dei Hospital
June 2016	The General Practitioner function - The core of primary health care
July 2016	An Investigation of the 2015 Local Councils' Capital Projects Fund

NAO Work and Activities Report

March 2016	Work and Activities of the National Audit Office 2015
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