



National
Audit
Office

MALTA

National Audit Office

2026 Financial Estimates

For the National Audit Office Accounts Committee

October 2025



Financial Estimates
for the
Year 2026

21 October 2025

Table of Contents

Contents	Pages
Statement of Financial Estimates	4
Statement of Comprehensive Income Estimates	5
Statement of Operating Expenditure Estimates	6
Statement of Capital Vote Request Estimates	7
Statement of Financial Position Estimates	8
Statement of Changes in Reserves Estimates	9
Statement of Cash Flows Estimates	10
Notes to the Estimates	11-17
Annex 1: NAO Publications in 2025	18

STATEMENT OF FINANCIAL ESTIMATES
 TO THE NATIONAL AUDIT OFFICE ACCOUNTS COMMITTEE
 for the years ending 31 December 2024, 2025 and 2026

	Actual	Approved	Proposed
	2024	Estimate	Estimate
	€	2025	2026
		€	€
Recurrent Vote	4,000,000	4,450,000	6,000,000
Capital Vote	-	1,500,000	1,200,000
	4,000,000	5,950,000	7,200,000

STATEMENT OF COMPREHENSIVE INCOME ESTIMATES
for the years ending 31 December 2024, 2025 and 2026

	Notes	Actual 2024 €	Approved Estimate 2025 €	Revised Estimate 2025 €	Savings/ (Excess) 2025 €	Proposed Estimate 2026 €
Government subvention	4	4,000,000	4,450,000	4,450,000	-	6,000,000
Other income		3,000	3,000	3,000	-	3,000
Total operating revenue		4,003,000	4,453,000	4,453,000	-	6,003,000
Salaries and personnel expenses	5	3,203,051	3,551,000	4,552,000	(1,001,000)	4,800,000
Audit fees of local councils	6	319,427	318,000	320,000	(2,000)	375,000
Administrative and other expenses	7	425,255	426,488	537,238	(110,750)	486,238
Depreciation	8	110,235	120,000	100,000	20,000	100,000
Total operating expenditure		4,057,968	4,415,488	5,509,238	(1,093,750)	5,761,238
Results from operating activities		(54,968)	37,512	(1,056,238)	(1,093,750)	241,762
Provision for service pensions and gratuities	10	(36,013)	(35,600)	(35,600)	-	(35,600)
Bank interest receivable		218	100	200	100	200
(Deficit)/Surplus for the year		(90,763)	2,012	(1,091,638)	(1,093,650)	206,362

STATEMENT OF OPERATING EXPENDITURE ESTIMATES for the years ending 31 December 2024, 2025 and 2026

	Actual 2024 €	Approved Estimate 2025 €	Revised Estimate 2025 €	Savings/ (Excess) 2025 €	Proposed Estimate 2026 €
SALARIES AND PERSONNEL EXPENSES					
Salaries	2,134,227	2,370,000	2,430,000	(60,000)	2,550,000
Bonuses	29,946	31,000	32,000	(1,000)	32,000
Social security contributions	168,149	185,000	185,000	-	193,000
Allowances	851,269	940,000	1,880,000	(940,000)	2,000,000
Overtime	19,460	25,000	25,000	-	25,000
	3,203,051	3,551,000	4,552,000	(1,001,000)	4,800,000
<i>Average Number of full-time equivalents Employees</i>	59	64	65	(1)	65
ADMINISTRATIVE AND OTHER EXPENSES					
Utilities	22,074	24,000	24,000	-	24,000
Materials and supplies	4,167	6,000	6,000	-	6,000
Repairs and upkeep	64,064	58,000	63,000	(5,000)	65,000
Rent	13,138	13,138	13,138	-	13,138
International memberships	1,009	1,000	1,000	-	1,000
Office services	39,338	60,000	60,000	-	60,000
Transport	19,721	15,000	15,000	-	15,000
Travel	80,451	40,000	60,000	(20,000)	50,000
Information services	18,229	2,000	12,000	(10,000)	12,000
Contractual services	64,162	62,000	93,000	(31,000)	100,000
Professional fees	59,145	65,000	80,000	(15,000)	80,000
Training	12,142	15,000	15,000	-	30,000
Hospitality	27,510	65,000	95,000	(30,000)	30,000
Incidental expenses	105	350	100	250	100
	425,255	426,488	537,238	(110,750)	486,238

STATEMENT OF CAPITAL VOTE REQUEST ESTIMATES for the years ending 31 December 2024, 2025 and 2026

The Planning Authority (PA) approved a building project submitted by NAO on 24 January 2024.

The building project consists of a resource centre that will house a conference and a training room with sound and visual facilities at ground floor level and additional office space and multi-purpose meeting rooms provided at the first-floor level. The resource centre that is planned opposite the main building at approximately half its length, in the middle space of the ravelin.

The project was delayed after NAO submitted a separate application to enhance and enlarge the parking facilities in November 2024. This minor amendment (Ref. PA/077768/21/MA) was approved by PA on 29 May 2025.

Initial works have commenced in April 2025. As of date, €90,000 has been spent. The architect feels confident that the capital vote allocation of €1.5 million for 2025 is to be fully utilised by end of year.

A capital vote allocation of €1.2 million is being requested for 2026 to finance expenditure expected to be incurred in 2026. A further €420,000 is anticipated to be requested for 2027.

The total cost of the project is expected to amount to €3,266,500.

	2024	2025	2026	2027	Totals
	€	€	€	€	€
Expenses incurred to date	94,500	-	-	-	94,500
Permitting to Validation Stage	-	50,500	-	-	50,500
Excavation and Foundation Works	-	620,800	-	-	620,800
Construction Works	-	620,000	412,100	-	1,032,100
Electrical, Mechanical and Ventilation Works	-	260,700	323,740	260,000	844,440
Finishing Works	-	-	264,800	160,000	424,800
Apertures	-	-	141,600	-	141,600
Contingencies	-	-	57,760	-	57,760
	94,500	1,552,000	1,200,000	420,000	3,266,500

To be financed by:	€
Government Allocation received from 2021 Recurrent Vote	100,000
Accumulated funds	46,500
Capital Vote Allocation for 2025	1,500,000
Capital Vote Allocation for 2026	1,200,000
Capital Vote Allocation for 2027	420,000
	3,266,500

STATEMENT OF FINANCIAL POSITION ESTIMATES
for the years ending 31 December 2024, 2025 and 2026

	<i>Note</i>	Actual	Revised	Proposed
		2024	Estimate	Estimate
		€	€	€
ASSETS				
Non-current assets				
Property and equipment	8	381,702	385,000	385,000
Current Assets				
Debtors and prepayments		23,616	20,000	20,000
Cash and cash equivalents		1,081,078	59,240	139,602
Other current assets	9	94,000	1,646,000	2,846,000
		1,198,694	1,725,240	3,005,602
Total Assets		1,580,396	2,110,240	3,390,602
RESERVES AND LIABILITIES				
Non-current liabilities				
Provision for service pensions and gratuities	10	143,195	117,116	91,116
Current liabilities				
Payables	11	502,518	550,000	450,000
Provision for service pensions and gratuities	10	59,921	60,000	60,000
		562,439	610,000	510,000
Total liabilities		705,634	727,116	601,116
Reserves				
Accumulated funds/(deficit)		874,762	(216,876)	(10,514)
Capital reserves		-	1,600,000	2,800,000
Total reserves		874,762	1,383,124	2,789,486
Total liabilities and reserves		1,580,396	2,110,240	3,390,602

STATEMENT OF CHANGES IN RESERVES ESTIMATES
for the years ending 31 December 2024, 2025 and 2026

Accumulated Funds/(Deficit)

	€
Balance at 1 January 2024	965,525
Deficit for the year	(90,763)
Balance at 31 December 2024	874,762
Balance at 1 January 2025	874,762
Estimated deficit for the year	(1,091,638)
Balance at 31 December 2025	(216,876)
Balance at 1 January 2026	(216,876)
Estimated surplus for the year	206,362
Balance at 31 December 2026	(10,514)

Capital Reserves

Balance at 1 January 2024	-
Movement for the year	-
Balance at 31 December 2024	-
Balance at 1 January 2025	-
Capital vote allocation (before project is capitalised)	1,500,000
Deferred income capitalised	100,000
Balance at 31 December 2025	1,600,000
Balance at 1 January 2026	1,600,000
Capital vote allocation (before project is capitalised)	1,200,000
Balance at 31 December 2026	2,800,000

STATEMENT OF CASH FLOWS ESTIMATES
for the years ending 31 December 2024, 2025 and 2026

	Actual 2024 €	Revised Estimate 2025 €	Proposed Estimate 2026 €
Cash flows from operating activities			
(Deficit)/Surplus for the year	(90,763)	(1,091,638)	206,362
Non-cash adjustments to reconcile (deficit)/ surplus to net cash flows:			
Depreciation	110,235	100,000	100,000
Bank interest receivable	(218)	(200)	(200)
Provision for service pensions and gratuities	36,013	35,600	35,600
	55,267	(956,238)	341,762
Movement in debtors and prepayments	(7,575)	3,616	-
Movement in payables	19,734	147,482	(100,000)
Movement in provision for service pensions and gratuities	(61,604)	(61,600)	(61,600)
Cash generated from/(used in) operating activities	5,822	(866,740)	180,162
Bank interest received	218	200	200
Net cash from/(used in) operating activities	6,040	(866,540)	180,362
Cash flows used in investing activities			
Building improvements and purchase of equipment	(21,508)	(103,298)	(100,000)
Initial capital expenditure on building project	-	(1,552,000)	(1,200,000)
Cash used in investing activities	(21,508)	(1,655,298)	(1,300,000)
Cash flows from financing activities			
Capital allocation from Government subvention	-	1,500,000	1,200,000
Cash from financing activities	-	1,500,000	1,200,000
Net (decrease)/increase in cash and cash equivalents	(15,468)	(1,021,838)	80,362
Cash and cash equivalents at 1 January	1,096,546	1,081,078	59,240
Cash and cash equivalents at 31 December	1,081,078	59,240	139,602

NOTES TO THE ESTIMATES

for the years ending 31 December 2024, 2025 and 2026

1. REPORTING ENTITY

The National Audit Office (the “Office”) has been set up to:

- give more prominence to the role of the State audit function in Malta;
- ensure accountability in the utilisation of public funds; and
- contribute towards the better management of public funds and resources.

2. BASIS OF PREPARATION

The Estimates have been prepared and presented in accordance with International Financial Reporting Standards as adopted by the European Union (EU).

Assets and liabilities are measured at historical cost except for the provision for service pensions and gratuities, which is measured according to accounting policy disclosed in note 3.5.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of previous financial years

3.1 *Government of Malta subventions*

Government subventions allocated to the Office for recurrent expenditure are taken directly to the statement of comprehensive income upon approval of the allocated amount in the Budgetary Estimates by the Ministry for Finance.

Government subventions allocated to the Office for capital expenditure on the building project are taken directly to Capital Reserves.

3.2 *Finance income*

Finance income comprises interest receivable on bank balances and is recognised as it accrues.

3.3 *Cash and cash equivalents*

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash in hand and deposits at bank.

NOTES TO THE ESTIMATES

for the years ending 31 December 2024, 2025 and 2026 ... *continued*

3. SIGNIFICANT ACCOUNTING POLICIES ... *continued*

3.4 *Property and equipment*

Items of property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset or improvements to building. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Depreciation

Depreciation is recognised in the comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property and equipment.

The estimated useful lives for the current and comparative years are as follows:

- | | |
|-----------------------------------|----------|
| • Building improvements | 10 years |
| • Office equipment | 5 years |
| • Computer equipment and software | 3 years |
| • Motor vehicles | 5 years |
| • Furniture and fittings | 10 years |

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3.5 *Provisions*

A provision is recognised if, as a result of a past event, the Office has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

The provision for service pensions and gratuities is calculated at the present value of the post-employment benefit obligations towards the present and retired employees of the Office. The present value is arrived at by using a risk free rate of the local Government bond which will mature on a date equivalent to the average number of years during which the Office is expected to effect pensions and gratuities payments.

NOTES TO THE ESTIMATES

for the years ending 31 December 2024, 2025 and 2026 ... *continued*

4. GOVERNMENT SUBVENTION

4.1 *Summary of Government Subventions throughout the years*

Year	Amount approved by NAO Accounts Committee Parliament and authorised by Parliament	Amount withdrawn	Surplus for the Year	Number of Audit Reports published	Average Staff Complement (full head count)
	€	€	€		
2017	3,150,000	3,150,000	42,160	14	63
2018	3,400,000	3,400,000	221,428	17	60
2019	3,500,000	3,500,000	119,862	11	61
2020	3,800,000	3,600,000	87,304	19	64
2021	3,850,000	3,850,000	291,540	15	64
2022	3,900,000	3,900,000	374,936	14	63
2023	4,200,000	4,200,000	452,868	14	62
2024	4,000,000	4,000,000	(90,763)	11	64
2025	4,450,000	4,450,000*	(1,091,638)*	14*	70*

*Estimate

4.2 *Proposed Government Subvention for 2026*

The National Audit Office Estimates for 2026 provide for a financial resource requirement of €6 million to maintain a planned staff complement of 70 staff (65 full-time equivalents) and to cover the operational and capital replacement commitments.

The National Audit Office Estimates for 2026 also provides for a capital vote allocation of €1.2 million in 2026 to finance the construction of a resource centre.

5. SALARIES AND PERSONNEL EXPENSES

The anticipated staff complement for 2025 is projected to reach 70 persons (equivalent to 65 full-time employees).

Negotiations for the new Collective Agreement (2025–2030), which will supersede the previous agreement that expired in December 2024 (2017–2024), have been successfully concluded with the Union *Ħaddiema Magħqudin – Voice of the Workers*. The signing of the new agreement is scheduled to take place by the end of October 2025.

NOTES TO THE ESTIMATES

for the years ending 31 December 2024, 2025 and 2026 ... *continued*

5. SALARIES AND PERSONNEL EXPENSES ... *continued*

The Estimates include a 30% adjustment in salaries pursuant to the implementation of the new Collective Agreement, which seeks to ensure parity between the remuneration of NAO officers and that of comparable professional auditor grades across the public sector.

For 2026, the Office has allocated an additional 5% increase in salaries to cater for relativity adjustments between NAO grades and their equivalent under the Government Public Service Collective Agreement (2025-2030). Recruitment plans for 2026 are limited to the replacement of staff retiring or resigning in 2025. The target for 2026 is therefore to maintain the existing complement of 70 persons while primarily absorbing the salary increases arising from the new Collective Agreement.

6. AUDIT FEES OF LOCAL COUNCILS

The audits for local councils relating to the 2023 and 2024 financial statements (incurred in 2024 and 2025 respectively) are based on the public tender issued in January 2022 and awarded to two private audit firms. The contracted amount in 2025 has remained unchanged and expected to increase by 17% in 2026.

A new tender is expected to be issued in 2027.

7. ADMINISTRATIVE AND OTHER EXPENSES

Administrative expenses for 2025 are forecasted to increase by €112,000 over to 2024. A significant part of this increase is attributable to the hosting by NAO Malta of the EU Contact Committee of Heads of Supreme Audit Institutions of EU Member States in November 2025.

For 2026, administrative overheads are expected to return to lower levels below €500,000 following the one-off event in 2025.

NOTES TO THE ESTIMATES

for the years ending 31 December 2024, 2025 and 2026 ... *continued*

8. PROPERTY AND OFFICE EQUIPMENT

	Building improvements	Office equipment	Computer equipment and software	Motor vehicles	Furniture and fittings	Totals
Cost	€	€	€	€	€	€
At 1 January 2024	996,215	148,164	191,041	132,560	162,627	1,630,607
Additions	-	2,628	16,796	-	2,084	21,508
At 31 December 2024	996,215	150,792	207,837	132,560	164,711	1,652,115
At 1 January 2025	996,215	150,792	207,837	132,560	164,711	1,652,115
Additions	28,298	25,000	30,000	-	20,000	103,298
At 31 December 2025	1,024,513	175,792	237,837	132,560	184,711	1,755,413
At 1 January 2026	1,024,513	175,792	237,837	132,560	184,711	1,755,413
Additions	-	25,000	30,000	30,000	15,000	100,000
At 31 December 2026	1,024,513	200,792	267,837	162,560	199,711	1,855,413
Depreciation	€	€	€	€	€	€
At 1 January 2024	647,474	118,698	178,646	91,762	123,598	1,160,178
Depreciation charge for the year	68,715	10,040	12,656	13,200	5,624	110,235
At 31 December 2024	716,189	128,738	191,302	104,962	129,222	1,270,413
At 1 January 2025	716,189	128,738	191,302	104,962	129,222	1,270,413
Depreciation charge for the year	69,000	10,000	15,000	-	6,000	100,000
At 31 December 2025	785,189	138,738	206,302	104,962	135,222	1,370,413
At 1 January 2026	785,189	138,738	206,302	104,962	135,222	1,370,413
Depreciation charge for the year	63,000	10,000	15,000	6,000	6,000	100,000
At 31 December 2026	848,189	148,738	221,302	110,962	141,222	1,470,413
Carrying Amount						
At 31 December 2026 (estimate)	176,324	52,054	46,535	51,598	58,489	385,000
At 31 December 2025 (estimate)	239,324	37,054	31,535	27,598	49,489	385,000
At 31 December 2024 (actual)	280,026	22,054	16,535	27,598	35,489	381,702

NOTES TO THE ESTIMATES

for the years ending 31 December 2024, 2025 and 2026 ... *continued*

9. OTHER CURRENT ASSETS

This amount refers to the expenditure incurred on the building project prior to its completion by June 2027 and full capitalisation as a fixed asset.

10. PROVISION FOR SERVICE PENSIONS AND GRATUITIES

The provision for service pensions and gratuities is made up as follows:

	Actual	Revised	Proposed
		Estimate	Estimate
	2024	2025	2026
	€	€	€
Non-current	143,195	117,116	91,116
Current	59,921	60,000	60,000
	203,116	177,116	151,116

The movement in this provision for current and future years is as follows:

	Actual	Revised	Proposed
		Estimate	Estimate
	2024	2025	2026
	€	€	€
Service pensions and gratuities as at beginning of year	228,707	203,116	177,116
Provision made during year	36,013	35,600	35,600
Provision used during year	(61,604)	(61,600)	(61,600)
	203,116	177,116	151,116

The Office provides for the obligation in terms of Article 8A of the Pensions Ordinance, Cap. 93 of the Laws of Malta, whereby those ex-Government employees who joined the Civil Service prior to 1979 and opted to become full-time employees of the Office when it was set up as an independent Government entity, are entitled to receive the same pension and gratuity rights as provided for by the Ordinance.

There are 11 persons who retired from NAO and receive a Treasury pension. There are no further persons eligible to pensions and gratuity rights as provided by the Pensions Ordinance.

NOTES TO THE ESTIMATES

for the years ending 31 December 2024, 2025 and 2026 ... *continued*

10. PROVISION FOR SERVICE PENSIONS AND GRATUITIES ... *continued*

In accordance with the Pensions Ordinance, the contribution sharing of the pensions and gratuities with the Treasury Department is based on the difference between the pensions and gratuities as worked out on the employee's salary upon retirement from the Office and the pensions and gratuities as worked out on their salaries at the time they terminated Government service to join the Office.

The provision for service pensions and gratuities as at 31 December 2024 was arrived at by discounting the post-employment benefit obligations of the Office using the year-end maturity of 2.81% on 5.25% 2030 I Government bonds.

The post-employment benefits obligations were computed after taking into consideration the average life expectancy which is 80 years for males and 85 for females based on data published in the National Statistics Office Demographic review.

The provision for service pensions and gratuities as at 31 December 2024 was based on average life expectancy of 80 years for males and 85 years for females as per published data of the National Statistics Office.

The same assumptions were held for the workings of the provision for service pensions and gratuities for years ending 31 December 2025 and 2026.

11. PAYABLES

	Actual	Revised	Proposed
	2024	Estimate	Estimate
	€	2025	2026
	€	€	€
Due within one year			
Operational and capital payables	24,251	158,400	28,400
Accrued expenses	316,663	330,000	360,000
Amount due to Treasury for pension contributions	61,604	61,600	61,600
Deferred Government subvention on capital expenditure	100,000	-	-
	502,518	550,000	450,000

Annex 1: NAO Publications in 2025

Published between January – October

- High-Level Review on Enemalta’s Planning and Investment in the Local Distribution Network
- Climate change adaptation: Evaluating Malta’s efforts relating to flooding and sea level rise
- Performance Audit: An assessment on the Inspections Coordination Office Initiative
- National Audit Office Annual Report and Financial Statements 2024
- Follow-up Audit Reports by the National Audit Office Volume I 2025
- Joint Audit on the Performance of the Interreg Italy - Malta Programmes: The Results Achieved in the 2014-2020 Programming Cycle and an Outlook on the 2021-2027 Programme
- The Government’s rescission of restrictions on the site of the Fortina Hotel
- Performance Audit: A review of Malta’s climate action using the ClimateScanner framework

To be published between November – December

- Follow-up Audit Reports 2025 Volume II
- Report by the Auditor General on the Public Accounts 2024
- Report by the Auditor General on the Workings of Local Government for the Year 2024
- Performance Audit: A strategic evaluation of Malta’s Smart Specialisation Strategy for Research and Innovation
- Performance Audit: Government Leasing of Private Property - Insights from four case studies
- Performance Audit: A review on home-based medical services for the elderly