



Office of the Commissioner
for Voluntary Organisations

ANNUAL REPORT

2019

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1. OVERVIEW BY THE COMMISSIONER

The year 2019 has been the first full year in which to implement the dispositions of the new amendments to the Voluntary Organisations Act (Chapter 492 of the Laws of Malta) (hereinafter referred to as the Act) which were approved by Parliament and came into effect on the 6th November 2018 (Government Gazette No. 20083 of the 6th November 2018). It is also the first full year in which to implement the recommendations of the Performance Audit performed by the National Audit Office and published in December 2018.

The major highlights of the amendments include the mandatory enrolment of all voluntary organisations (hereinafter referred to as VOs). Those that have an annual income of €5,000 or more, are obliged to enrol with the Office of the Commissioner for Voluntary Organisations (hereinafter referred to as the Office of the Commissioner) while those organisations whose annual income is less than €5,000 are at least obliged to enlist their organisations with the Office of the Commissioner. To this effect a new Register of Enlisted Organisations has been set up. Mandatory Enrolment was a principal requirement of Moneyval (Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism) who insisted that the Office of the Commissioner had to be in a position to effect a risk assessment of all VOs operating in Malta including those that had not enrolled. The Office issued press releases designating June 30, 2019 as the date by which VOs had to enrol without being subject to a fine of not less than Euro 120 for every default and a further fine of Euro 11.65 for every day in default. The Office employed an officer to supervise the social media on a routine basis to ferret out organisations that had not enrolled and these were contacted and investigated. Furthermore, in June 2019 the Ministry for Finance issued a Circular to all Ministries, Government Entities, Authorities etc in which it directed all entities not to disburse public funds to any organisations that were not enrolled with the Office and furthermore added that such organisations had furthermore to be fully compliant with the Office.

The National Audit Office's (NAO) Report referred to administrative capacity limitations at the Office of the Commissioner as of August 2018. Articles 8, 12, and 14a of the Executive Summary refer. Furthermore, Articles 2.2.5 and 4.1.3b also refer. The NAO submitted that "the regulatory function within OCVO is to be adequately resourced."

Throughout 2019 major efforts were made to address the administrative capacity limitations and a number of persons have been employed at the Office of the Commissioner. By the end of the year the Enrolment Section reached its full complement. However, with the resignation of the only two Annual Returns Officers during 2019, the situation has become in fact worse than that reported by the NAO. The Director Services assisted by one Administrative Assistant Officer are doing their utmost to process annual returns of VOs, but this is far from the basic requirement. My Office has issued calls for the position of Annual Returns Officers, and the first call saw the application of a very valid Auditor and Accountant. He was employed but after three months he was offered a much more lucrative salary by the private sector and he resigned his post. Fresh calls were issued, but the process of re-issuing calls for employment is by far too tedious, laborious, and time consuming, mainly due to the directives at OPM. Unless the Office of the Commissioner is released from a highly restrictive Directive 7, as several other entities and Authorities enjoy exemption, the process of essential capacity building at my Office will remain severely hampered if not impossible. Release from Directive 7 would make it possible for the Commissioner to issue calls for employment directly and after careful assessment proceed with their employment rather than each time having to go through the Ministry, through OPM and others each and every time a call is issued and no valid person applies.

Capacity building in human resources must necessarily go hand in hand with adequate premises to house them. OCVO has been requesting enlargement to the existing premises or else rehousing in premises that should comfortably cater for a projected employment of 35 members of staff. At present, the 15 members of staff currently employed with Office of the Commissioner are located in premises that were originally designed for 7 persons. This Office has issued expressions of interest (EOI) for new premises but each time premises visited in the interim are either taken up before the termination of the EOI or else the price requested are far and beyond the reach of the very limited budget allocated to OCVO for 2020. Once again, though valid premises have been found on a number of occasions, the process of proceeding with an EOI results in such premises being taken up by other persons or entities. Furthermore, each time we proceed with an EOI, each time OCVO is told that the Authorities are actively working on allocating additional rooms in the existing premises to OCVO and yet a whole year has passed without any positive results.

Article 14 e in the NAO recommendations submits that the regulatory function within the Office of the Commissioner is to be adequately resourced. Investing in such resources strengthens monitoring and enforcement possibilities all of which contribute towards better governance within the voluntary sector. In effect, the Office has tasked one of its Officers to carry out media monitoring. The Senior Manager (Investigations and Monitoring) then acts upon the results of such media monitoring (refer to the Services Section for further details).

The amendments to the Act have strengthened the powers of the Commissioner. One of the more important changes is the possibility to ask financial institutions for financial accounts pertaining to VOs and their administrators. Another important change refers to the collaboration with various competent authorities, including FIAU. Article 7(1) of the Act greatly increases the powers of the Commissioner where investigations are concerned.

However, “the extent to which legislative changes effectively improve the regulatory function and VOs’ governance, remains greatly dependant on whether the OCVO’s resources are augmented in line with the envisaged mandate.” (NAO recommendation number 12). The Office of the Commissioner has continued to effect due diligence on each VO and on each administrator of each organisation and this is carried out prior to the completion of the enrolment process. Such due diligence has depended on the cooperation of the security services, on in-house due diligence through online searches, and, more recently on interviewing enrolment applicants prior to the Commissioner signing the Enrolment Certificates. The Office of the Commissioner is now actively seeking to procure software to assist in the due diligence process thus enabling my Office to effect due diligence not only prior to enrolment but also routinely and periodically on each VO enrolled. It is envisaged, that once such software is procured, due diligence on each organisation is carried out at least once a year and preferably at shorter intervals. Apart from training on such software, the staff at this Office has been encouraged to attend several training programmes on money laundering and funding of terrorism (AML/FT) (NAO recommendation 14b). Three members of staff at OCVO regularly attend monthly meetings of the National Coordination Committee for combating of money laundering and financing of terrorism at the Ministry for Finance and actively participate.

Moreover, these three members of staff have attended numerous meetings with the Ministry of Finance and FIAU experts on AML/FT and have written several reports on progress achieved at this Office. One Officer has completed a University Course in Block Chain technology while others have attended several seminars and conferences.

The NAO Report, in Article 8, had mentioned that “as at end August 2018, OCVO’s investigations were generally reactive to complaints received”. This is no longer the case. The Office of the Commissioner is duty bound to investigate complaints received from the general public, but it has now gone much further and investigate VOs following revelations in the social media, investigate VOs through random sampling of enrolled VOs and in several instances investigate applicant VOs before their enrolment is accepted. There has therefore been considerable improvement in in-depth investigations. This has been possible with the employment of a Senior Investigation and Monitoring Officer who has carried out deep investigations resulting in at least six organisations to be identified as potentially connected to AML/TF.

In all such cases, the complete investigation is then handed over to FIAU and / or the Police for further investigations. Consequently recommendation 14m in the NAO Report has been met.

The NAO Report referred to the smaller VOs who encounter severe constraints to satisfy the requirements of the VO Act, resulting in high levels of non-compliance within the Sector (NAO article 9). While the NAO reported a figure of 67 per cent who did not comply in 2018, in 2019 56% of all VOs have submitted their Annual Returns and have been awarded a Certificate of Compliance. This Office will continue to work on those documents which have been submitted but not yet vetted. All this work has been carried out despite the fact that the the Office of the Commissioner does not have Annual Returns Officers per se and is operating through Director Services along with all his other duties.

Recommendation 14e in the NAO Report encourages the setting up of platform VOs “which would provide a national forum covering the various functions and sectors of VOs in Malta”. This has been taken in hand and there are now 19 platforms or federations enrolled with this Office.

The Ministry for Finance, in consultation with this Office, has issued a circular to all Ministries and entities (Circular 1 /2019 dated 14th June 2019) directing them that no public or EU funds are to be disbursed to VOs without VOs being enrolled with the Commissioner and furthermore compliant to the VO Act. This satisfies NAO recommendations 14c and 14d.

“The OCVO’s vetting of enrolment applications is to extend to the reconciliation of information submitted by VOs with other external sources” (NAO Report Art. 14g). Enrolment applications are now vetted with most external sources as referred in Section 2.3.12 of the NAO Report. My Office has requested Bank statements not only from the organisation itself, but when in doubt, also directly from the financial institutions, as per Art. 34 (9) of the VO Act. This Office has requested a list of the assets of VO enrolment applicants, copies of contracts in the case of a purchase or sale of an immovable property, scrutiny of VOs potential involvement in commercial activities etc.

The NAO Report directed the establishment of robust mechanisms at the Office of the Commissioner to be able to enforce the provisions of the new legislation which oblige VOs to declare with this Office private donations that exceed €15,000. As from year of assessment 2018 of annual accounts and annual returns reported by VOs during 2019, each VO must submit a statement of public collections for each and every event organised by that VO and every event must be reported separately. Furthermore any donations received by the VO must be reported in their annual returns and annual accounts. To date, the Office of the Commissioner has never received notification of any private donations to any VO of €15,000 or more. However, scrutiny of the media by my Office will pick up any donations reportedly awarded to VOs.

Recommendation 14j mandates that the Office of the Commissioner “can invoke the enforcement measures stipulated in the VO Act. These measures include penalties ...” During 2019 this Office started a process of identifying VOs which have not submitted their annual returns for a number of years. Through the persistent hard work of the legal section of this Office, 51 VOs have been closed for defaulting. This Office has taken a very cautious approach to invoke the penalties envisaged in the Act. Closing down a VO is one thing, but many defaulting organisations still had active bank accounts with funds still available.

This Office, through its legal section, assisted administrators to transfer the balance of their assets in accordance with the dissolution clauses of their statutes or else to the Voluntary Organisations Fund managed by the Malta Council for the Voluntary Sector.

As reported in this annual report of the office of the Director of Legal Services, over €6,894 were transferred to this Fund and a further €19,274 were transferred to other VOs before such defaulting VOs were allowed to close down. The appointment of two Commissioners of Oath at the Office of the Commissioner has been instrumental to achieve these results and conclude investigations.

In order to satisfy the recommendation 14k by the NAO, this Office has worked on a policy of risk assessment for all VOs. This policy has been further fine-tuned and a Standard Operating Procedure (SOP) has been developed to include the frequency and type of monitoring necessary. The frequency ranges from once every six months to a yearly analysis. However, this procedure depends on the employment of further personnel. The employment of a Senior Manager for Investigations and Monitoring is not sufficient to adequately monitor the 1890 VOs that are currently enrolled on this Office's Register.

The 2018 amendments to the VO Act oblige all VOs to notify their existence with the Office of the Commissioner and in this regard, the Office has employed an officer to thoroughly monitor the social media and newspapers to identify organisations which have not abided with this obligation to enrol, with the legal office and the monitoring division contacting such organisations and instructing them to enrol. In this way, the Office of the Commissioner is compiling information on the number of unregistered VOs and is actively involved in reducing such numbers while at the same time reducing the risks of AML/TF – a major requirement of MoneyVal.

The recommendations in the NAO Report have therefore been mostly met. All these procedures require substantial capacity building in human resources, a fact strongly acknowledged and recommended by the NAO. Every attempt has been made by my Office to employ additional professional staff. The Office of the Commissioner requires accountants and possibly auditors to examine the annual returns and accounts of the ever-increasing register of enrolled VOs.

As stated above, the tedious and, more often than not, futile position taken by the authorities have weakened substantially the capabilities of the Office of the Commissioner for Voluntary Organisations, in that the limited personnel it has at its disposal find themselves lost in the quagmire of administrative requirements month after month trying to re-issue calls for applications of posts with long delays and intervals required by OPM procedures, which could have been avoided had this Office been afforded exemption from Directive 7 as is the case with the Commissioner for Information and Data Protection and several other entities. The Office of the Commissioner for Voluntary Organisations is the regulator and the provisions of the Act, Article 7 (2) which states that “*in the exercise of his functions, the Commissioner shall act impartially and shall not be subject to the direction of any person or authority*” is not in fact being abided by the authorities when it imposes such restrictions to the exercise of his powers to enforce the Law.

During 2019 the Office of the Commissioner has worked on a number of additional legislations which are practically completed pending final reviews. These include legislation regulating public collections and regulations regulating charity shops as well as tax exemption legislation. In the process of evaluating the efficacy of the public collections regulations, this Office has identified other stake holders and has had extensive meetings with them so that the eventual publication of this legislation is as comprehensive as possible. The Office has also proposed essential changes to the VO Act itself and these have been drafted in Amendments to the Act and which are now in the final stages to be presented to Parliament for approval. The Office has also proposed a revision of the Subsidiary Legislation 492.01 (Annual Returns and Annual Accounts Regulations) 2012 and once again this is in the final stages of ratification.

During the year 2019, applications for enrolment with the Commissioner increased compared to 2018. This may be due to the fact that VOs are now obliged to enrol for risk of being fined. During 2019 a total of 225 new applications were submitted (compared to 134 for 2018). 196 organisations were in fact enrolled with the remaining 52 being asked to submit changes to the documentations supplied in conformity with the Law. By December 2019 all pending applications were processed and no new applications were transferred to 2020. Although the Law allows the Commissioner three months to process applications for enrolment (Article 13 (5) of the Act), by December 2019 applications were processed within one day of submission.

Furthermore, the Office of the Commissioner has agreed with SportsMalta to facilitate the enrolment application of sports organisations that were exempt from mandatory enrolment once registered with SportsMalta.

Exemption from mandatory enrolment allows sports organisations to operate without enrolling with the Office of the Commissioner but were still deprived of the benefits of enrolment such as receiving funds from Government or from the EU (as per MFIN Circular 2019). The Office of the Commissioner and SportsMalta have agreed to cooperate with each other to encourage sports organisations to enrol with my Office and therefore benefit from public funds and donations from public entities. Details on the number of VOs enrolled during 2019 can be examined in the annual report of Director Services in this annual report. The total number of VOs enrolled now amounts to 1849 organisations or foundations. During 2019 a total of 17 organisations have applied for enlistment in the Second Register.

Reports of the four directorates within my Office are being included in this annual report and includes the accounts and other financial records (as per Article 10 of the VO Act).

Finally, the amount of work performed at the Office of the Commissioner during 2019 could not have been achieved without the hard work and dedication of its staff. The results achieved are totally thanks to them, including its four directors, its senior managers, its managers and its administrative assistants and officers. Thanks also goes to the full collaboration and assistance of Dr Maria Criminale, legal officer at the Malta Council for the Voluntary Sector, Mr Ryan Borg, Head Secretariat at the Parliamentary Secretary's Office of Youth Sports and Voluntary Organisations, Mr Mauro Pace Parascandalo, who heads the Malta Council for the Voluntary Sector, Ms. Mary Scicluna, Director HR Ministry for Education and Employment, Dr Frank Fabri, Permanent Secretary at the Ministry for Education and Employment, and Mr Alfred Camilleri, Permanent Secretary Ministry for Finance. Thanks also goes to the Hon. Dr Clifton Grima, Parliamentary Secretary for Youth Sport and Voluntary Organisations for his support to my Office.

Dr. Anthony Abela Medici
Commissioner for Voluntary Organisations

2. SERVICES SECTION

Introduction

As a result of the re-organisation of the Office of the Commissioner during 2019, a Services Directorate was set-up. This Directorate is responsible for enrolment of VOs, annual returns and annual accounts submitted by VOs in accordance with the law and investigations and monitoring. The challenging situation with regards to the lack of personnel is more pertinent in the annual returns and annual accounts section, as all personnel moved on to other jobs. By the end of 2019, the section was made up of the following personnel: Director, two senior managers, two managers and two administrative assistants. Plans are to increase staff with one senior manager, four managers and one administrative assistant.

Enrolment of Voluntary Organisations

Applications

Figures for year 2019 show that applications for enrolment with the Commissioner have increased compared to 2018. The increase of applications could have been a result of the amendments to the Voluntary Organisations Act (Chapter 492 of the Laws of Malta) (hereinafter referred to as the Act) in November 2018 which made enrolment mandatory. In fact, during 2019, a total of 225 new applications were submitted compared to 134 applications that were submitted in the year 2018. This brings the total of VOs that have applied with the Commissioner since the office started operating in 2008, to 1873 applications.

A total of 248 applications were submitted for processing during 2019 as listed hereunder:

- 23 applications carried forward from 2018
- 225 applications received during year 2019

196 organisations were enrolled. The remaining 52 organisations were asked to submit changes to the documentation supplied to the Commissioner. For the first time since the official opening of the Office of the Commissioner, no new application was transferred to 2020. This shows that the Office of the Commissioner had another busy year during 2019, during which 100% of the total applications were processed.

Certificates of Enrolment

The Office of the Commissioner issued 227 certificates of enrolment; 196 for newly enrolled VOs and 31 replacement certificates.

A monthly breakdown is shown hereunder:

January	-	15
February	-	12
March	-	14
April	-	7
May	-	16
June	-	12
July	-	21
August	-	14
September	-	21
October	-	29
November	-	23
December	-	12

Thirty-one certificates of enrolment were replaced during 2019, as indicated hereunder:

- 3 certificates were issued to replace the former certificate
- 12 certificates were issued due to organisations' change of address
- 7 certificates were issued due to organisations' change in their names
- 6 certificates were issued because organisations misplaced/lost the original certificate of enrolment (A notarial affidavit submitted to this effect)
- 2 certificates were issued due to mistakes on the certificate
- 1 certificate was issued due to an amendment in the organisation's purpose

Categories of Enrolled Organisations

All VOs are classified according to their social purpose with some falling under more than one classification.

A breakdown of enrolled VOs, by classifications as required by the VOA is as follows:

Classification	Number of VOs	Percentage of the Total VOs
Philanthropy	266	9.32 %
Education and Sport	690 (195 Sports)	24.15%
Religion	116	4.06%
Health	199	6.96%
Social and Community	709	24.82%
Culture, Arts and National Heritage	588 (83 Band Clubs)	19.53%
Environment and Animal Welfare	118 (47 Animal Welfare)	4.13%
Promotion of Human Rights	118	4.13%
Other Social Purpose	83	2.90%

Particular Groups:

Youths	87
Children	84
Students' Organisations	35 (<i>University of Malta: 6th Forms; etc</i>)

The number of enrolled VOs working in Gozo stands at 142, while there are 15 other organisations which do not fall in any of the above-mentioned classification.

Cancellation of Applications

The Commissioner has cancelled 31 enrolment applications after these organisations failed to submit the documentation as required by law. Four organisations have since then re-applied for enrolment with the Office and submitted the correct documentation.

Winding up

Fourty organisations have winded up during the 2019 and have returned their certificate of enrolment to the Commissioner as required by law.

Refused

One application for enrolment with the Commissioner was refused.

Enlisted Organisations

When the Act was amended in November 2018, a second Registry came into force. Since 1st January 2019, 17 organisations have been enlisted in the Second Register. These organisations do not qualify for enrolment as they do not have a social purpose which also qualifies as a public purpose or public benefit or whose gross income is less than €5,000 annually.

Annual Returns and Annual Accounts Section

The Act and its Subsidiary Legislation 492.01 (Annual Returns and Annual Accounts Regulations) 2012 demand that all enrolled VOs submit annual returns and annual accounts to the Commissioner. These include the Annual Return Form, a list of current administrators, an organisational chart, an administrative report, a financial report and a statement of public collections. The VOs submit their Annual returns according to their category. Category 1 VOs submit by the end of March, Category 2 by the end of April and Category 3 by the end of August. These due dates are for those VOs whose financial year follow the calendar year. Otherwise, Category 1 VOs submit their annual returns 3 months after the end of their financial year, category 2 submit their annual returns 4 months after the end of their financial year and category 3, 8 months after the end of their financial year. In 2019, 786 VOs submitted their annual returns. 430 VOs have been certified as compliant.

Investigations and Monitoring Section

During 2019, various investigations and inquires were carried out. The work of this department also includes monitoring exercises. The filing system of the investigations section is being slowly updated to create a more comprehensive filing system for all the past investigations carried out by the Office.

Enquiries

This year the Office has undergone 4 inquiries all of which have been solved. Three of these inquiries were opened after complaints received by the Office and the fourth one was initiated after a routine monitoring carried out by this Office.

Enquiry 1

Enquiry 1 was set off by a complaint which alleged that a particular organisation had written discriminating material against a former MP who had voiced himself upon a particular contemporary issue. The issue at hand was not within the remit of this Office, however, an inquiry was carried out and it was determined that the Organisation was merely voicing its opinion in line with the aims of the said organisation. The complainant was informed, and the case was closed.

Enquiry 2

A complaint on animal cruelty was filed with this Office alleging that a group organising one of the local village feasts was involved in animal cruelty against birds. The issue was publicised in the local media. The Commissioner requested that the Office should investigate the matter. In the end the group agreed that the practice of releasing birds would be stopped altogether. The case was closed.

Enquiry 3

The third inquiry involved two diaspora groups in Malta. One group filed a complaint stating that the other group was using a similar name to confuse members of the community in Malta. The inquiry verified the matter in collaboration with a linguist from the University, and the administrators of both organisations were called for a meeting. An agreement was reached, and the name of both organisations were modified as agreed. The case was closed.

Enquiry 4

The fourth inquiry was kicked off via a routine monitoring exercise carried out by this Office. The Organisation in question had never submitted annual returns since it was enrolled. The issue caught the attention of the undersigned as the founder had a court case in which it was being alleged that he was administering millions of euros.

The inquiry brought to light that the issue was a litigation between the founder and the lawyer who had undergone the paperwork to help the founder establish this foundation and an association. The administrators of the said organisation were finally contacted, and they kept reiterating that they had all resigned years ago, given that the foundation had never really kicked off. They described the founder as very wealthy. Various attempts to contact the founder via registered post proved futile. The founder, the administrators informed us, had relocated abroad.

The mentioned administrators managed to contact the founder who signed the resolution together with them and winded up the said organisation.

Investigations

In 2019, 10 investigations were carried out. Four investigations have been closed while 6 are still ongoing.

Investigation 1

The first investigation was flagged by a complainant who alleged misuse of power by the VO's President. A thorough investigation initially seemed to confirm the allegations, especially when considering how the amended statute presented various irregularities in terms of the law. The investigation also included an analysis of data supplied by financial institutions. The Office concluded that there was no apparent misuse of funds. This Office also held a meeting with the President. During the meeting the issues presented by the amendments to the statute were discussed and a way forward was decided. The case has been closed.

Investigation 2

The second investigation was triggered via a complaint received by this Office from a volunteer. The complainant alleged that the administrators of a local animal sanctuary were managing the organisation for private profit. The investigation delved into the activities of the organisation and there was no evidence that such allegations were true. U further complaint was later filed by a different complainant who came to the Office. Again, the allegations of the complainant were not proven.

The investigation is being concluded and the administrators of the organisation are going to be called for a meeting in which they shall be instructed to provide receipts for every donation they receive so that they will be fully transparent with their donors. The case is still ongoing.

Investigation 3

The third investigation included three different organisations flagged out by an anonymous letter as having possible terrorist links. The content of the letter alleged that a boarding school, run by a daughter organisation of a much larger international one, having an enrolled branch in Malta, was indoctrinating children in an Indian philosophy and religion.

The letter alleged that the international organisation was involved in terrorist attacks in the past. The investigation delved into the issue, also consulting various declassified FBI files on the internet. It transpired that in the past, there might have been some terrorist attacks, however, the said organisation is not considered a terrorist group on the international level. The organisations in question carry out philanthropic work throughout the world. The investigation was concluded, and the reports were passed on to the competent authorities for further monitoring. The case can be considered closed.

Investigation 4

The fourth investigation was flagged via a complaint against a Hostel that is being run by an association. Various attempts to inform the administrators of the said association of mandatory enrolment have proven futile. An asset tracing investigation brought to light that the said organisation is still operating. The investigation is ongoing.

Investigation 5

The fifth investigation was kicked off via a complaint against the administrator of a local animal sanctuary. The investigation brought to light that this administrator could no longer hold the position of president as the person had various fraud cases in court. The person in question, in fact, only featured as a member of the organisation. Despite this fact, this member still carried out transactions in the name of the organisation. The complainant had commissioned this person to capture and neuter a colony that was growing exponentially.

Despite having paid around €1,050 to the mentioned person, the job was only partially executed. The investigation also brought to light various issues from the past, all of them including delayed or failed payments by the said organisation. The administrator in question is going to be called to this Office and requested to complete the job. The case is still ongoing.

Investigation 6

This investigation was initiated by a routine monitoring exercise. The organisation raised suspicion because it had the same name of a group working in a foreign jurisdiction. Upon further investigation it was determined that there are in fact two very different groups with the same name, both of which originate from this jurisdiction. The investigation sought to determine the nature of the group working in Malta.

As far as the investigation could determine, this group belongs to a peaceful religious institution, and therefore offers no threat. The case can be considered closed.

Investigation 7

The seventh investigation started through a complaint filed with this office by the former president of the organisation in question. The president was alleging that the previous Annual General Meeting (AGM) breached the statute of the organisation when it voted for the new president. Upon investigation it was determined that the AGM did not breach the statute of the said organisation. This case is still ongoing.

Investigation 8

The investigation of this organisation started when this Office was contacted by the complainant through the Malta Council for the Voluntary Sector (MCVS). The complainant was an employee of the said organisation and alleged that there were many breaches of the law particularly as concerns tax returns, employment contracts, and fund mismanagement. The founder of the said organisation is also seldomly present to tackle the issues that arise. The organisation in question also had various issues with government entities. This Office requested the complainant to endorse the minutes of the meeting held at MCVS, which minutes were endorsed in January 2020. This case is still ongoing.

Investigation 9

This investigation concerned a migrant involved in various minor fraud cases. Besides this, the person in question, who enjoys refugee status, frequently travels to and from Bangladesh, where he ran for elections there. The question is how such an individual is allowed a refugee status when he not only travels to his home country from which he fled, but he also runs for elections there. The final report is being concluded and will be passed on to the police for their perusal.

Investigation 10

This investigation is being carried out in conjunction with the legal office of the Commissioner. It concerns an organisation which had procured property for a particular purpose.

This Office carried out an onsite inspection of the property and concluded that this property cannot be used for the purposes that the VO had initially stated. This case is ongoing.

Monitoring

The section regularly carries out monitoring exercises of the VOs. During 2019, these exercises focused on those VOs which have regularly not sent their Annual Returns and Media monitoring. Organisations that had not submitted annual returns since 2013 and 2014 were contacted and given a final notice. This exercise was carried out together with the legal office. The progress of this exercise is still being monitored closely. As a result, 165 Organisations were sent final letters. The task of contacting these organisations was very arduous as many of the contact information submitted had changed. Out of these 165, 85 cases are still pending, namely: 39 organisations are in the process of submitting their annual returns; 37 are in the process of winding up; and 9 organisations have never replied. 80 cases have been solved, namely: 38 organisations have submitted their annual returns; and 42 organisations have winded up.

The media monitoring service regularly identifies activities carried out by local and foreign voluntary organisations in Malta and activities of non-enrolled/non-enlisted organisations. This exercise has flagged 124 organisations.

Out of these, 60 were not subject to mandatory enrolment, while 64 Organisations were subject to mandatory enrolment and were sent an email informing them of their obligation to enrol/enlist as per legislation. Out of these 64 organisations, 12 replied to this email informing the Office that they were going to initiate the process of enrolment/enlistment. The Office is in the process of issuing a legal letter to those organisations which have failed to reply. The last part of the media monitoring concerns public collections. The Police are informed of any public collection initiative that is not done by an enrolled VO.

Conclusion

Undoubtfully, 2019 was a year of firsts for the services offered by the Office of the Commissioner. It's the first time that no applications for enrolment have been carried forward for the following year. It is the first year that this Office has employed a Senior Manager for Investigations and Monitoring. Another first is a section being fully manned as per HR plan. 2020 will definitely offer more challenges.

3. LEGAL SERVICES

Another Directorate which was set up a result of the re-organisation of the Office of the Commissioner during 2019, is the Directorate of Legal Services. This section of the annual report highlights the work carried out this Legal Office.

2019 was a year of hard work, challenges and results. Following the short time period of preparatory work due to the establishment of the legal office in November 2018, 2019 can be considered as the first year of actual performance.

Legal issues

As the much-awaited amendments to the Act were published in November 2018, 2019 was a crucial year in implementing the new amendments and achieving the objectives the legislator had in mind. Dealing with an essentially revamped law is a challenge, both for legal advisors, staff and the stakeholders in VOs alike. However, the mode of action chosen was to organise impromptu staff meetings with different staff members of the Office of the Commissioner and discuss the various amendments and agree on plans of action. The main issues emanating from the new legislation which outlined this year's performance were:

1. The powers of the Commissioner,
2. Mandatory enrolment
3. Possibility of enlistment
4. Queries from public and private entities
5. Compliance.
6. Amendments to Legislation

Powers of the Commissioner

The powers of the Commissioner were made more significant and prevailing in the amended Act. These are dictated in Article 7(1)(g) and Article 34(1) to (9) that were put to test both with an asset tracing investigation and investigations involving request for supply of information. During 2019, more emphasis was put on the far-ranging provisions emanating from Article 7 of the Act where information could be sought at the discretion of the Commissioner to ensure transparency and safeguard the sector.

With regards to asset tracing one can state with a certain degree of satisfaction that the excellent relationship with local banks was further sustained. In fact, all banks asked for any information responded to the Commissioner's request in a short time frame and information was thorough. The database of banking representatives and/or Money Laundering Reporting Officers was structured in a way so it can be easily updated. During the year, banking representatives took the initiative themselves to inform the legal office when there was a change in contact information of respondents which ascertained that future investigations would always be effective and prompt. These positive trends were further codified with a meeting with representatives of a local bank on mutual assistance in due diligence procedures and constant queries from bank representatives that were forthcoming to ensure compliance.

The powers of the Commissioner were also further outlined when a complaint regarding misinformation supplied by a VO was brought to the attention of the legal office. In fact, the complaint alleged that a VO was advertising in social media that persons could be cured from depression in few minutes, so action was taken within the same morning. Stakeholders in the mental health authorities were roped in and the administrators were summoned to the Office of the Commissioner within the week. The meeting was very fruitful as the administrators removed such adverts immediately without the requirement for action to escalate.

As part of investigations, other persons were summoned to legal office on complaints of *organisations* that were performing public collections without being enrolled. Meeting these people was vital as the procedure of establishing whether a public collection is taking place, rather than a situation where voluntary donations are being carried out as a personal initiative, is a rather delicate fact-finding mission. As of writing of this report, anyone can hold a public collection if a police permit is in hand.

On the other hand, a VO can hold any public collection, provided it provides the required statement of Public Collections to the Commissioner. When any complaint regarding an illegality reaches the Commissioner, the Commissioner is legally required and empowered to investigate any complaint that a VO is not acting according to any law. This even though such law may be exterior to the Act and not ancillary to any provisions relating to laws relative to VOs. An example to this was that a complaint reached the legal office that a VO was committing acts of animal cruelty.

In fact, although enforcement action was taken by the competent authorities safeguarding animal welfare, the Commissioner was well within his powers to lift compliance of an organisation till the illegality was removed.

Investigations ordered by the Commissioner were also carried out by this Office, two of which included asset tracing on a total of 5 subject persons while two others were continued following issues that were passed on by the previous legal department. One of the latter investigations was faced with a complaint at the ombudsman's office. This led to the formulation of a report spanning three years of work carried out in relation with the case.

Another complaint with regards to annual returns was also made with the Ombudsman but the arguments put forward by the legal office were upheld and the complaint was dismissed.

Mandatory enrolment

As required by the new amendments, all VOs had to be enrolled. With assistance to the investigations and monitoring unit, if any organisation was traced that was not on the register, legal letters were sent so the organisation would enrol. Besides the fact that legal letters were issued to persons purportedly being part of such organisations, the regulations were brought to the attention of the public through a press release and publication in the Government Gazette. The response was very good as countless requests for information were made by professionals and members of the public alike.

The legal office also started a system of reviewing all government activities organised for the public to ensure that all participating VOs are compliant. In fact, many government departments were contacted when publications, promotions or adverts were found to mention non-enrolled VOs so such promotion or assistance of the organisations is halted due to that provided in Article 4(4) of the Act.

The enrolment unit frequently requested the legal office for recommendations on whether to enrol an organisation or not. Giving a legal recommendation is not an easy task, as besides the in-depth appreciation of the documents provided for enrolment, one must examine scopes, objectives and legality of the organisation.

In fact, the law is very clear in article 3 (1)(a)(b) (c) of the Act that states that a voluntary organisation is an organisation which is created or established:

(a) for any social purpose including that which qualifies as a public purpose or for public benefit;

(b) as non-profit making; and

(c) is voluntary,

On giving a recommendation on enrolment, various other factors are considered like the background of administrators, quality of aims and objectives, commercial interests, track record if existing and other searches from the net.

This procedure follows that of due diligence which is carried out by a different section in liaison with other entities. Although Article 22B(1)(a)(B) of the Act puts a significant responsibility on the administrators to perform due diligence on the administrators and those in receipt of their assistance or co-operation. To assist the enrolment office further, the concept of due diligence was discussed with a local bank with meetings held by the legal office, the Commissioner and the highest ranks of the bank on the 25th February 2019 to discuss a common strategy. The highlight of this meeting was achieved months later when after many further meetings, the bank accepted to provide due diligence training to the staff of the Office of the Commissioner in due course.

On the important issue of due diligence procedures, the legal office was responsible for sending certain public authorities request for information on the good standing of administrators. Examples are the FIAU and the Courts of Justice that assisted the Office in this procedure. The legal Office was also responsible for drafting and formulating letters for refusal of administrators that were found to be not eligible to hold such office.

Any persons found not suitable to hold office were listed in a specifically designed blacklisting register.

Enlistment of Voluntary Organisations

The amendments to the Act created the possibility of enlistment of organisations. Among other provisions, these organisations must still be VOs but have an annual income of less than five thousand euro (€5,000) for three consecutive years. Hence applications, enlistment certificates and type of documentation necessary for submission was designed together with the Enrolment office. This new concept of law inevitably gave rise to many queries among professionals who discussed the requirements and obligations for enlistment. Many meetings were held, together with countless emails which were taken into consideration and are being kept for any possible amendments on these new articles of law.

Queries from public and private entities

As mentioned earlier, the legal office was always available to help with requests for information on various issues that arose for administrators of organisations, members of the public, professionals and officials from Government departments. In fact, besides requests made by telephone and email, many were the meetings held to assist in the very best possible way. In fact, the need for education and awareness is still very high, especially with the far-reaching amendments. Administrators frequently contacted the legal office even when there were issues among themselves and also with other VOs. In fact, although the Office of the Commissioner has an intrinsically regulatory function, it provided a place where troubled administrators also opened to the legal office and asked for assistance. This was provided even with unofficial mediation and extremely positive results were obtained.

Compliance

The issue of ensuring compliance was given top priority in 2019. In fact, it was suggested that all defaulting organisations are sent a legal letter to comply or legal action would be initiated. The exercise commenced with sending legal letters to those that have been not compliant from 2013, with subsequently moving onto those of 2014. The legal letter was drafted to show and give a true picture of serious situation these organisations were in, as many had never submitted and documentation as dictated by the law. However, this procedure resulted in an influx of calls and emails that the legal office received in a very short time.

Many persons stated that respective organisations were de facto terminated, with various reasons given like death of administrators, objectives reached or administrators leaving the country for good. A number of letters were even undelivered, as organisations had either moved or closed down their headquarters completely. In fact, with the assistance of the Investigations and Monitoring Office, a good number of legal letters were sent to the administrators' current home address to ensure a higher degree of compliance. Results were astounding as nearly all letters were delivered with around 120 VOs notified.

Administrators then made contact with legal office which was welcomed as mobile numbers and email addresses held in file were outdated. The general outcome of the exercise was that administrators had lost interest or scope of certain organisations, so this office assisted the winding up of the same. So, after a point of contact was made, the legal office designed a template resolution that was sent to all administrators that wanted to wind their organisation down. The process was very laborious as before closure of any organisation, the legal office had to ensure that what was stipulated in the law and in the organisation's, statute was adhered to. Many a time it was this office itself that contacted administrators so these can subsequently convene a meeting as many administrators had even lost the details of the others and so it was difficult to establish contact all over again. All documents presented were scanned for easy reference and an up-to-date database with all closed organisations was constructed for classical purposes. The database includes name of organisation, administrator contact details, whether certificate of enrolment was returned, funds present and transferred.

Another significant issue was that many organisations still had active bank accounts with funds still available. Hence the legal office had to assist administrators to transfer assets as per statute or into the Voluntary Organisations Fund.

As the legal office was monitoring these transactions to ensure the procedure was transparent, it was only allowing transfers into organisations that were compliant. Furthermore, searches were made by the legal office to ascertain that there were no pending lawsuits of civil nature or debts incurred by organisations before winding up. Following the submission of the signed documents, copies of bank statements and receipt of organisations in receipt of the closing organisation, affidavits were drafted to finalise the closure. Each affidavit was made only after the whole process was concluded.

The affidavit also solved long pending issues like for example when annual returns were not submitted and there was the impossibility to trace records to have them done. Similarly, affidavits were also drafted to included situations when the certificate of enrolment was untraceable.

A number of organisations were also helped to revive organisations. In fact, some administrators were also referred to the Malta Council for the Voluntary Sector to get assistance in getting organisations complaint with regulations. In fact, a personal approach was taken with all defaulting organisations, where the unprecedented legal action for compliance was explained as a necessity to retain confidence and transparency in the sector besides enforcement as dictated by law. In all 51 organisations closed down and all documents submitted were scanned for easy reference. Furthermore, through the winding up of these organisations, 6,894.17 Euro was given to the Voluntary Organisations Fund and 19,274 Euro was given to other VOs. Hence instead of pursuing cases of litigation in courts, the legal office managed to co-ordinate, control and finalise matters that ended up in a total net contribution of 26,168.17 Euro to the sector. If a certain local bank would have not introduced a monthly fee on the accounts on VOs, the residual amount quoted would have been much larger.

These results would not have been possible if the suggestion of the legal office to have in house Commissioners of Oaths would not have been implemented. In fact, the legal office has administered around 12 Affidavits in connection with lost certificates of enrolment and 50 Affidavits in connection with winding up of organisations during 2019. With these numbers one can quickly conclude that having Commissioner of Oaths in-house saved administrators and organisations a large amount of legal fees as all affidavits were unique to the individual confirming them to have the full picture of the situation being declared. Some affidavits were not sworn at Office but drafted and sent to persons not resident in Malta then subsequently sworn in front of foreign notaries and sent back. In one case the affidavit drafted in Office was even sent for translation overseas.

The Office also designed templates for the newly formed Review board. This board was composed of three persons holding not less than in the position of Assistant Directors where a situation which would be beyond administrators' control is decided upon.

This service, which proved to be very fruitful, settled minor issues of compliance without the necessity of legal action.

Amendments to legislation

As from the first few days of establishment of the legal office, the drafting of legislation was on the agenda. The first piece of legislation that was worked upon was the Subsidiary Legislation 492.01, which was amended to address the current issues and is close to being published. Further input was carried out, through regular meetings with stakeholders on Tax Exemption Regulations. There was also assistance in meetings on the proposed Social Enterprise legislation. The final piece of draft legislation completed was the Public Collections regulations which will revolutionise the way public collections and fundraising activities are organised and performed. In fact, the proposed amendments will have a significant bearing on the accountability of public collectors and effective monitoring of the funds received. The next piece of legislation will be completed in 2020 and concerns Charity Shops. In fact, connections have been made, both locally and abroad to have an effective piece of legislation on Charity Shops.

Administrative issues

The presence of legal personnel is also meant to aid of administrative nature with issues of corporate nature with third parties. In fact, the legal office was involved in scrutinising administrative contracts concerning logistics in the IT sector, Memorandums, legal letters, assistance in a case at the Department of Contracts Review Board. Furthermore, this office was charged with a rather delicate issue of negotiating an arrangement with a local bank that imposed account fees on accounts of VOs. The mode of action included various correspondence and meetings at many levels, however despite the effort, only a few philanthropic organisations had these monthly fees waved. A press release was issued to this effect by the Commissioner where the enormous effort to come to an arrangement was outlined. This issue prompted the legal office to start discussions with other banks so the Office of the Commissioner would offer more assistance to the other banks that required information or assistance in a prompt manner. Furthermore, discussions were opened on the possibility of assisting organisations in using current financial technologies, but the discussions are still relatively premature.

This Office was also entrusted with data protection legislation. The far-reaching provisions of the new Data Protection Act (Chapter 586, replacing Chapter 440, Laws of Malta) were appreciated further with a seminar held on the subject in January 2019. This office has also been kept abreast with documentation on the subject periodically, and certain procedures started to be implemented. This included refraining from requesting unnecessary information or documentation and setting up a new registry kept under lock and key. Similarly, all investigation files were moved to a specific locked cabinet with very limited access.

To ensure better organisation in the legal office, more administrative files were opened on the various issues pertaining to the Office of the Commissioner. Emails were filed and so were minutes of meetings so they can be readily accessibly by other Directors if the need arose. Also, all files were recorded in the database so all filing can be organised and traceable. The Office was also involved in the consultation and informative sessions on Block chain, which augurs well on the embracement of these technologies in the future.

Concluding remarks

As seen, it has been very challenging year for the Office. Drafting and implementing new legislation has never been easy, especially in a sector that concerns many people from different walks of life and with very different interests. However, the satisfaction lies in the fact that results are being obtained and the change is visible. The main objectives in 2020 are that compliancy is strengthened and better enforcement is reached. With the track record of results, hope can be held high.

4. HUMAN RESOURCES MANAGEMENT

The Directorate of Strategy and Support was also set up during 2019. The responsibilities of this directorate include Human Resource Management, Training, PR, Education, Media Monitoring, assisting the Commissioner in the management and strategies of the Office and matters relating to the evaluation by Moneyval. Due to lack of human resources in this directorate, work carried out during 2019 was mainly related to capacity building, media monitoring, building strategies for the Office and assistance on work related to Moneyval as requested by the National Coordinating body for the combating of money laundering and financing of terrorism.

The enactment of the amendments of the Voluntary Organisations Act (Chapter 492 of the Laws of Malta) in November 2018 strengthened the Office of the Commissioner by means of article 7(3) as being “deemed to be a body corporate, shall have a distinct legal personality and shall be capable, subject to the provisions of this Act or any regulations thereunder, of entering into contracts” Moreover, “The Commissioner enjoys the legal and judicial representation of the Office of the Commissioner as a legal person”. By virtue of this amendment in the law, the Office of the Commissioner became a public sector entity, having a distinct legal personality and by means of Directive 7, is authorised by law to recruit and enter into contracts, following established recruitment procedures.

In accordance with Directive 7, the Office of the Commissioner started discussions with the Industrial Relations Unit (IRU) within the People and Standards Division to formulate a five year Grading and Salary Structure for the Office through the Permanent Secretary of the Ministry for Education and Employment, under whose responsibility this Office falls. Negotiations were concluded in February 2019 with the approval of the Permanent Secretary. This Grading and Salary Structure includes all the grades, nomenclatures, salary scales and their respective salaries, allowances and salary structure.

This Office is now empowered to effect recruitment and promotions subject to the approval of the Industrial Relations Unit (IRU) insofar as the Grading and Salary Structure is concerned and the Ministry responsible for Finance in respect of the applicable HR Plan and budget containment.

In the case of the recruitment function, the prior approval of the Permanent Secretary is invariably required whilst in promotion exercises, the Permanent Secretary is informed at the outset. The People & Standards Division, as the regulatory, monitoring and auditing body, ensures strict compliance with the provisions of Directive 7.

Once this Office had the Salary and Grading structure approved and in place, the exercise for Human Resource (HR) Planning initiated immediately in March 2019 by submitting the HR Plans to the People and Standards Coordinating Committee on strategic HR Planning through this Office's Ministry's HR Unit with the authority of the Permanent Secretary.

Workforce Planning and Employment

2019 has been challenging where it comes to capacity building. The HR focus of this Office was almost exclusively on recruiting and on-boarding new staff after the necessary budget was approved by the Ministry for Finance. The increase in the staff complement represented a substantial organisational change, and this was delivered through a structured HR Plan which this Office built. The structural change was from top management to junior positions.

This Office wanted to ensure sufficient staffing levels to accomplish its work processes and successfully deliver its services to all of its customers. To implement the strategic plans of the Office and meet the various regulatory and legal obligations, a whole re-structuring exercise had to be undertaken. Four directorates were created under the responsibility of four directors, namely, Director Strategy and Support, Director Services, Director Legal Services and Director Corporate Affairs. These positions were filled through internal calls, in accordance with Directive 7. Calls for Senior Managers in the positions of Senior Manager Investigations and Monitoring and Senior Manager Enrolment were also issued. The former was filled through an external call.

Calls for two Managers Enrolment were also issued and the two managers were recruited. The enrolment section, has now the full staff complement and as a result, for the first time since the inception of this Office, there is no backlog of enrolment applications. This means that applications of VOs to enrol with the Commissioner are processed within a short period of time, despite that the law gives a time frame of three months.

A manager on the vetting of annual returns and annual accounts was also recruited, but this officer resigned because of a better job opportunity. This section is highly understaffed and the various external calls for a senior manager and two managers issued so far rendered unsuccessful. New calls will be issued in year 2020. The annual accounts and annual returns section is a very important one as documents submitted by voluntary organisations are vetted and a compliance certificate is used to those organisations which are in conformity with Subsidiary Legislation 492.01 (Annual Returns and Annual Accounts Regulations) 2012. Compliant voluntary organisations can receive or be the beneficiary of grants, sponsorships or any other financial aid from the Government, or be the beneficiary of any policies supporting voluntary organisations or be a party to Government contracts in accordance with article 4 of the Act.

Another call issued in 2019 was that for Manager Investigations. With the various obligations imposed on the Office of the Commissioner by Moneyval, the Office embarked on a number of strategies and plans to combat money laundering and financing of terrorism amongst voluntary organisations. These plans include risk assessment of such organisations. Manpower is thus required and calls for investigating officers have been issued. The call in 2019 for Manager Investigations was unsuccessful, but it will be re-issued together with an additional one in year 2020.

The Office of the Commissioner has been working these last few years on building a robust website which will eventually offer all the services offered by this Office online. This includes the digitisation of documents submitted by voluntary organisations. In this regard a call for a Manager Systems Administrator was issued, but it was also unsuccessful. This call will be re-issued in year 2020.

Calls for six support officers were issued twice. Two were recruited in August 2019 and another four will be recruited in year 2020. One of these Officers has been assigned the duties to monitor the media for activities carried out by both enrolled and non-enrolled voluntary organisations. This requirement was highlighted in the report of the National Audit Office of 2018 on this Office and Moneyval. The latter emphasised the importance of identifying non-enrolled voluntary organisations and take the necessary actions in accordance with the law, in order to mitigate as much as possible risks of money laundering and financing of terrorism.

This exercise has flagged 124 organisations since August 2019. Out of these, 60 were not subject to mandatory enrolment, while 64 Organisations were subject to mandatory enrolment and were sent an email informing them of their obligation to enrol/enlist as per legislation.

Workforce capacity

During 2019, the workforce of the Office grew to meet the various legislative demands. It has been a struggle to recruit staff in accordance with HR plan. Finding the right people for the right job is not easy and recruiting staff is quite time consuming and difficult, partly because of the full employment situation in Malta.

Nonetheless, demands on the services offered by this Office continue to rise, and are compounded by the relatively small size of employees. This means that urgent and new requirements are sometimes not met immediately. Moreover, new legislations, such as those of the Public Collections and Charity Shops envisaged to be enacted during 2020, require staff and an HR budget to implement. It is worrying that the requested amounts of human resources and budget were not approved. This Office continues to tackle these challenges through rigorous prioritisation and business planning, however, given the rise in demand for this Office's services, this continues to be a risk on the regulator's Office.

Human Resource Development

The HR function of this Office sees the importance on the improvement of the performance of staff members and thus is very much in favour to train its staff as a means of an educational process which involves the sharpening of skills, concepts, changing of attitude and gaining more knowledge to enhance the performance of its employees.

By means of training, staff members will strengthen the skills they need to improve. This will bring them to higher levels of knowledge. Moreover, training will help employees to increase their job satisfaction, morale, motivation and efficiency, that will result in various benefits both for the employee and for the Office. The importance of having a trained workforce was emphasised both by the National Audit Office in their report on the Office of the Commissioner and Moneyval.

This was taken on board and a number of employees attended various training programmes to upgrade their skills in various areas as highlighted hereunder:

Training Programmes attended by OCVO Staff:

Report Writing

Blockchain

Excel as Database

Excel for Formulas

Basic Accounting Principles

Countering Trafficking in Persons for Labour
Exploitation: The Role of the Private Sector

Seminar - European Perspectives on the
UNCRPD

Training on the work of the Administrative
Review Tribunal

Public Management Toolkit

Anti - Moneylaundering and Financing of
Terrorism

Undergraduate degree in Liberal Arts and
Sciences

Master of Arts in Film Studies

Foundation Course in Customer Care

Outreach Training Programmes

Besides training for the staff, a number of training programmes were also organised for voluntary organisations by the Services Directorate to raise awareness on the risks they might face on money laundering and financing of terrorism and how they can mitigate such risks. A seminar was also organised on this subject matter in collaboration with the Malta Council for the Voluntary Sector and the Ministry for Finance. Such training is a requirement by Moneyval to raise awareness and educate voluntary organisations. A toolkit on this subject was also developed by the Services Directorate.

HR Outlook for 2020

HR strategies and plans for this Office indicate that the number of employees will continue to increase to meet the legislative and regulatory requirements, provided that the necessary budgets and headcount approvals are given. A challenge is to find the right people for the right jobs so that this Office's goals are achieved effectively. This Office needs to strive to attain its goals effectively and efficiently by providing competent and motivated employees, by utilising its available employees effectively, by investing in training and development, by increasing job satisfaction, by helping maintain ethical and behavioural policies and by maintaining cordial relations between employees and management, so that all employees will work together to reach this Office's goals.

5. CORPORATE SERVICES DIRECTORATE

The Corporate Services Directorate was also set-up in 2019. This Directorate is responsible for financial matters, IT, Procurement, Public Collections and Charity Shops.

Finance

looks after the orderly management of the Office of the Commissioner and provides overall direction, planning, management and control of the accounts and finances of the entity. It ensures that standard internal procedures regarding financial issues are observed: that all payments by this Office, including progress payments to contractors are supported by the necessary approvals and issued in a timely manner; oversees the financial control on ongoing projects so that project budgets are respected; and ensures that any cost deviations are backed by the appropriate technical justifications. This section is also responsible for the preparation of this Office's annual budget; maintains regular contact with its bankers regarding disbursements from its bank accounts and with the Ministry for Finance; and manages the organisation's cash flow. Payrolls of new staff employed in 2019 are also within the remit of this Directorate. Some payrolls are still issued by the Ministry for Education and Employment. During 2019 this Office received a Budget of €500,000 which covered most of the capital expenditure on premises refurbishment, renovation, payroll and IT equipment.

Procurement

Corporate Services Directorate is responsible for all procurement and ensures that public procurement procedures are followed at all stages of the procurement process including pre-tendering, tendering and the post-award phases. To this end this Directorate maintains strong links and a steady work relationship with the Department of Contracts. It is also responsible for documentation concerning the supply of goods, services and works carried out to this Office and participates in the various stages of the tendering process including verification of technical and financial evaluation of bids, award and contract signing.

THE WEBSITE

This Office's website was launched in 2016. A lot of work was carried out during the year to update the website and digitalise most of the services offered by the Office of the Commissioner. In addition the system will have the facility to send notifications to VOs and has a back office functionality to manage applications, statistical reporting, system auditing and managing of customer profiles. This increases the efficiency of this Office and provides a better customer service. It Simplifies the Simplification of Bureaucracy exercise and is composed of :

- View register of enrolled VOs
- Enrolment and enquiry forms
- Request for Investigations
- De-registration / Winding up of enrolment
- Dormant organisations
- Cancellation of enrolment
- Maintain profile
- Yearly Annual returns submissions
- Change of administrators form
- Change of local contact persons
- Request of certificate of good standing
-

The new website incorporates new sets of guidelines. These include:

- i. Guidelines to enrol a VO together with the online enrolment form
- ii. Guidelines to terminate / de-register a VO
- iii. Changing the status from active to dormant and cancellation of Enrolment
- iv. Guidelines on the certificate of enrolment
- v. Guidelines on how to submit an enquiry
- vi. Guidelines of annual returns and annual accounts

Advantages to Voluntary Organisations

The online enrolment application form offers the following advantages to the VOs:

1. VOs can apply on any day and at any time without having to call the Office of the Commissioner during business hours
2. Documents are sent online and these are saved on the system

3. Applicants pay the enrolment registration fee online thus eliminate cash/cheque handling
4. The system enables automatic validation of the required VO administrators identity card details with the Government's database of identity cards. Applicants are only required to insert their identity card number and document number
5. The creation of an account to apply for enrolment which gives the applicant the facility to save the application and continue at a later stage
6. Guidelines to answer a lot of common queries VOs have, and thus saving them from calling at this Office. These guidelines show the importance of enrolling with the Office of the Commissioner, the benefits of enrolment, documents needed to enrol, explanation of the principal purpose and classification of VOs in accordance with their objectives, what happens once they submit the application for enrolment and what are the responsibilities of VOs once they enrol. This Office trusts that VOs will realise the advantages of applying online and will make use of this online facility which will eventually help them to manage their own VO profile.

Advantages to the Commissioner's Office

This enrolment application will help this Office to:

1. Reduce bureaucracy in line with the Government's policies in this regard
2. Reduces the number of VOs calling at the Office
3. Increases its efficiency and effectiveness
4. Reduces the manual daily updating of various databases
5. Bring the Office in line with the eGovernment policy
6. Validation with the Government of Malta's Identity Card Database, which eliminates the verification of hard copy data submitted by VOs that is highly time consuming.
7. Facilitates research studies on the voluntary sector through the back-end collection of data and reporting.
8. Automation of the current VO register and other database which will be updated automatically and in real time.
9. Applications which are not concluded within thirty days will be automatically withdrawn from the system to make space for new applications

The application is embedded by system checks which apart from validating Maltese identity card details with the Government of Malta's Identity Card database, also prompts errors on when the applicant does not fill in the required data correctly and fails to attach the requested documentation

Sections in the Enrolment Application

The enrolment application has ten sections namely:

1. Personal verification details
2. The organisation details
3. Committee members details
4. Local or Foreign Organisations
5. Representative of the VO Resident in Malta , where applicable
6. Registration as a legal person
7. Classification of the VO in accordance with its objectives
8. Trading activity in accordance with the law
9. Required documents to be submitted
10. Further details
11. Online payment
12. Submission

In the personal verification details tab, the applicant inserts his/her personal details to create an account which enables the applicant to register for enrolment, view the registration process and save the application and continue at a later stage(if necessary). Maltese Identity Card Holders are only required to insert their identity card number, telephone/mobile number, email address, postcode and document number. The address and date of birth will be loaded directly from the Government of Malta Identity Cards Database. The document number is an 8-digit number found at the back of the identity card as a security measure. The address and date of birth are non-editable. Non-Maltese identity document holders, including also Maltese passport number holders, who do not have a Maltese Identity Card and must insert their details manually using the passport number. The same process described above in the Personal Verification details section applies for the committee members section and the section of the Representative Resident in Malta.

The territorial scope tab is aimed at obtaining information to know the country where the VO is based and in which countries (if any) it operates. Moreover, if the administrators of the VO are not residents in Malta, they can submit a scanned copy of the identification document (identity card or passport of the country of residence) or the Apostille Certificate. The Further Details Section Classification Section and Trading Activity Section contain detailed information about the VO. The purpose is to increase the efficiency of this Office when vetting the application.

In the submission section, VO's are required to attach the documents to register. At the start of the application form, the system informs applicants what are the documents required to enrol, so that they will have all their documents in hand before they start filling up the online application form. The submission section has a set of terms and conditions aimed to inform VOs on their responsibilities once they submit the application form and are eventually enrolled. They are required to certify that they have submitted the correct information and they must keep original documents archived for future reference. The Government's Payment Gateway system is used to process the online payments.

Other features

The Office of the Commissioner has created a profile for each VO where three administrators can log in at any time and upload the yearly submissions, update the list of administrators, apply for de-registration from this Office and perform any other updates. All other administrators will have a view only of the profile of their organisation and they will be notified of any updates carried out by the other administrators. The online register of VOs will enable the general public to search for any VO enrolled with this Office. Statutes together with annual returns and annual accounts will be publicly available online in accordance with the law. This will:

- Increase transparency and accountability of VOs
- Can assist in tax avoidance, fraud, money laundering and other unlawful activities
- Enhance adherence to the relevant laws and regulations

This Office's website generates various reports which will enhance the research on the Voluntary Sector. The public and VO'S can submit queries, request investigations and view the publications of this Office at any time.

6.

ANNUAL REPORT AND FINANCIAL STATEMENTS

AS AT

31ST DECEMBER 2019

OFFICE OF THE COMMISSIONER FOR
VOLUNTARY ORGANISATIONS

Annual Report and Financial Statements
31 December 2019

OFFICE OF THE COMMISSIONER FOR VOLUNTARY ORGANISATIONS
Annual Report and Financial Statements - 31 December 2019

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Regulator's Report

The Regulator presents his report and the audited financial statements for the year ended 31 December 2019.

Principal activity

The entity is engaged in regulating and monitoring the voluntary organisations in Malta.

Review of the business

During the year the entity had registered a surplus of €381,508 and the regulator expects that the present level of activity will be sustained in the foreseeable future.

Regulator

The Regulator of the entity who held office during the year was:

Dr Anthony Abela Medici

Statement of Regulator's responsibilities

The Regulator is required by the Voluntary Organisations Act, Cap. 492 to prepare financial statements which give a true and fair view of the state of affairs of the entity as at the end of each financial year and of the profit for that year.

In preparing the financial statements, the Regulator is responsible for ensuring that:

- appropriate accounting policies have been consistently applied and supported by reasonable and prudent judgments and estimates;
- the financial statements have been drawn up in accordance with International Financial Reporting Standards as adopted by the European Union;
- the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the entity will continue in business as a going concern.

The Regulator is also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the entity and to enable him to ensure that the financial statements comply with the Voluntary Organisations Act, Cap. 492. He is also responsible for safeguarding the assets of the entity, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Regulator's Report - continued

Financial reporting framework

The Regulator has resolved to prepare the entity's financial statements for the year ended 31 December 2019 in accordance with International Financial Reporting Standards as adopted by the European Union.

Auditor

A resolution to reappoint the firm Busuttil & Micallef as auditor of the entity will be proposed at the forthcoming Annual General Meeting.



Dr Anthony Abela Medici
Regulator

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Block C, Beltissebh
Floriana, FRN 1700
Malta

12 February 2020

Independent Auditor's Report

To the Member of Office of the Commissioner for Voluntary Organisations

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Office of the Commissioner for Voluntary Organisations (the entity), set out on pages 6 to 17, which comprise the statement of financial position as at 31 December 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the entity as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU IFRSs) and have been prepared in accordance with the requirements of the Voluntary Organisations Act (Cap. 492).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Entity in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in accordance with the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Voluntary Organisations Act (Cap. 492) in Malta, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The regulator is responsible for the other information. The other information comprises the regulator's report. Our opinion on the financial statements does not cover this information, including the regulator's report. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the Regulator's Report, we also considered whether the Regulator's Report includes the disclosures required by Voluntary Organisations Act (Cap. 492). Based on the work we have performed, in our opinion:

- the information given in the regulator's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the regulator's report has been prepared in accordance with the Voluntary Organisations Act (Cap. 492).

In addition, in light of the knowledge and understanding of the entity and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the regulator's report. We have nothing to report in this regard.

Independent Auditor's Report - continued

Responsibilities of the Regulator

The regulator is responsible for the preparation of the financial statements that give a true and fair view in accordance with EU IFRSs, and for such internal control as the regulator determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the regulator is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the regulator either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Regulator.
- Conclude on the appropriateness of the Regulator's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent Auditor's Report - continued

Auditor's Responsibilities for the Audit of the Financial Statements - continued

We communicate with the Regulator regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.


We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

Voluntary Organisations Act (Cap. 492) we are required to report to you if, in our opinion:

- We have not received all the information and explanations we require for our audit.
- Adequate accounting records have not been kept, or that returns adequate for our audit have not been received from branches not visited by us.
- The financial statements are not in agreement with the accounting records and returns.

We have nothing to report to you in respect of these responsibilities.



Hector Spiteri
Partner

For and on behalf of
Busuttill & Micallef
Certified Public Accountants

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Malta

12 February 2020

Statement of Comprehensive Income

	Notes	Year ended 31 December
		2019 €
Revenue	2	512,615
Administrative expenses	3	(143,155)
Operating profit		369,460
Other income	5	12,048
Surplus for the year		381,508

Statement of Financial Position

	Notes	As at 31 December 2019 €
ASSETS		
Non-current assets		
Intangible assets	6	5,930
Property, plant and equipment	7	3,317
		<u>9,247</u>
Current assets		
Cash and cash equivalents		<u>380,157</u>
Total assets		<u>389,404</u>
EQUITY		
Retained reserve	8	<u>381,508</u>
LIABILITIES		
Current liabilities		
Trade and other payables	9	<u>7,896</u>
Total equity and liabilities		<u>389,404</u>

The financial statements on pages 6 to 17 were authorised for issue by the Board of Regulator on 12 February 2020 and were signed on its behalf by:


Dr Anthony Abela Medici
Regulator

Statement of Changes in Equity

	Retained reserve €	Total €
Retained reserve		
Surplus for the year	381,508	381,508
Balance at 31 December 2019	381,508	381,508

Statement of Cash Flows

		Year ended 31 December
	Notes	2019 €
Operating activities		
Cash generated from operations	10	392,042
Investing activities		
Purchase of property, plant and equipment		(3,978)
Purchase of intangible assets		(7,907)
Net cash generated from investing activities		(11,885)
Movement in cash and cash equivalents		380,157
Cash and cash equivalents at end of year	11	380,157

Notes to the Financial Statements

1. Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a. Basis of preparation

These financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and comply with the Voluntary Organisations Act, (Cap. 492). The financial statements are prepared under the historical cost convention.

i. Use of estimates and judgements

The preparation of financial statements in conformity with IFRSs as adopted by the EU requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

However, in the opinion of the regulator, there are no areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

1. Accounting policies – continued

ii. Application of new and revised International Financial Reporting Standards as adopted by the EU (IFRSs)

The entity has not adopted new standards, amendments and interpretations to existing standards that are mandatory for the entity's accounting period beginning on or after 1 January 2018. The adoption of these revisions to the requirements of IFRSs as adopted by the EU did not result in substantial changes to the entity's accounting policies:

IFRS 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to IAS 40	Transfers of Investment Property
Amendments to IAS 28	Investments in Associates and Joint Ventures
IFRIC 22	Foreign Currency Transactions and Advance Consideration

iii. New and revised IFRSs in issue but not yet effective

At the date of authorisation of these financial statements, The Entity has not applied the following new and revised IFRS Standards that have been issued but are not yet effective and (in some cases) had not yet been adopted by the EU:

IFRS 16	<i>Leases</i>
IFRS 17	<i>Insurance Contracts</i>
Amendments to IFRS 9	<i>Prepayment Features with Negative Compensation</i>
Amendments to IAS 28	<i>Long-term Interests in Associates and Joint Ventures</i>
Annual Improvements to IFRS Standards 2015-2017 Cycle Costs	<i>Amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing</i>
Amendments to IAS 19 Employee Benefits	<i>Plan Amendment, Curtailment or Settlement</i>

1. Accounting policies – continued

iii. New and revised IFRSs in issue but not yet effective - continued

IFRS 10 <i>Consolidated Financial Statements</i> and IAS 28 (amendments)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>
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IFRIC 23	<i>Uncertainty over Income Tax Treatments</i>
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The regulator does not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the entity in future periods.

b. Revenue recognition

Revenue from application fees is recognised when full application is received from the applicant business and register. The entity also received a subvention from Ministry of Education and Employment.

c. Intangible assets

Intangible assets comprise computer software.

Acquired computer software is capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 4 years. Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

Where an indication of impairment exists, in that the carrying amount of an intangible asset is greater than its estimated recoverable amount, a charge is made to write down the value of the asset to its estimated recoverable amount (Accounting policy (e)).

d. Property, plant and equipment

Property, plant and equipment, comprising furniture and fixtures, computer equipment and air conditioner are initially recorded at cost and are subsequently stated at cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of items.

Subsequent costs are included in the asset's carrying amount, or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity, and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

1. Accounting policies – continued

d. Property, plant and equipment - continued

Depreciation is calculated on the straight-line method to allocate the cost of the assets to their residual values over their estimated useful lives as follows:

• Furniture and fixtures	10%
• Computer equipment	25%
• Air conditioner	16.667%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds with the carrying amount, and are taken into account in determining operating profit.

An asset's carrying amount is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount (Accounting policy (e)).

e. Impairment of non-financial assets

Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

f. Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at face value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand and deposits held at call with banks.

g. Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

h. Provisions

Provisions are recognised when the entity has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

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Annual Report and Financial Statements - 31 December 2019

2. Revenue

All the entity's revenue is generated from the subvention from the government and application fees.

3. Expenses by nature

	2019 €
Directors remuneration	24,888
Depreciation of property, plant and equipment (Note 7)	661
Amortisation of intangible assets (Note 6)	1,977
Staff costs	85,576
Auditor's remuneration	2,242
Other expenses	27,811
Total administrative expenses	<u>143,155</u>

Auditor's fees

Fees charged by the auditor for services rendered during the financial year ended 31 December 2019 relate to the annual statutory audit.

4. Staff costs

	2019 €
Wages and salaries	77,416
Social security costs	8,160
	<u>85,576</u>

Average number of full time equivalents employed by the entity during the year:

	2019
Administration	<u>7</u>

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5. Other income

	2019 €
Refunds received from MITA	12,048

6. Intangible assets

	Computer Software €	Total €
Movements for the year ended 31 December 2019		
Additions	7,907	7,907
Amortisation charge	(1,977)	(1,977)
Closing net book amount	5,930	5,930
At 31 December 2019		
Cost	7,907	7,907
Accumulated amortisation	(1,977)	(1,977)
Net book amount	5,930	5,930

Amortisation of €1,977 is included in administrative expenses.

7. Property, plant and equipment

	Furniture and fixtures €	Computer equipment €	Air Conditioner €	Total €
Movements for the year ended 31 December 2019				
Additions	1,411	1,114	1,453	3,978
Depreciation charge	(141)	(278)	(242)	(661)
Closing net book amount	1,270	836	1,211	3,317
At 31 December 2019				
Cost	1,411	1,114	1,453	3,978
Accumulated amortisation	(141)	(278)	(242)	(661)
Net book amount	1,270	836	1,211	3,317

8. Retained reserve

Retained reserve represent accumulated profits.

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Annual Report and Financial Statements - 31 December 2019

9. Trade and other payables

	2019 €
Current	
Other payables	4,533
Accruals	3,363
	<hr/> 7,896 <hr/>

10. Cash generated from operations

Reconciliation of operating profit to cash generated from operations:

	2019 €
Operating profit	369,460
Adjustments for:	
Amortisation of intangible assets (Note 6)	1,997
Depreciation of property, plant and equipment (Note 7)	661
Other income	12,048
Change in working capital:	
Accruals and other liabilities	7,896
Cash generated from operations	<hr/> 392,042 <hr/>

11. Cash and cash equivalents

For the purposes of the statement of cashflows, the cash and cash equivalents at the end of the year comprise the following:

	2019 €
Cash at bank and in hand	<hr/> 380,157 <hr/>

12. Financial risk management

Overview

The entity has an exposure to the following risks arising from the use of financial instruments within its activities:

- Liquidity risk

This note presents information about the entity's exposure to each of the above risks, policies and processes for measuring and managing risk, and the entity's management of capital. Further quantitative disclosures are included in these financial statements.

The responsibility for the management of risk is vested in the Board of Regulators. Accordingly, it is the Regulator who has the overall responsibility for establishing an appropriate risk management framework.

Liquidity risk

Liquidity risk is the risk that the entity will not be able to meet its financial obligations as they fall due.

The entity's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due. Generally, the entity ensures that it has sufficient cash on demand to meet expected operational expenditure, including the servicing of financial obligations.

Fair values

At 31 December 2019 the carrying amounts of cash at bank, payables and accrued expenses reflected in the financial statements are reasonable estimates of fair value in view of the nature of these instruments and/or the relatively short period of time between the origination of the instruments and their expected realisation.

Detailed Results

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Income Statement

	Year ended 31 December
	2019 €
Revenue	512,615
Administrative expenses (page 20)	(143,155)
Operating profit	369,460
Other income (page 20)	12,048
Surplus for the year	381,508

OFFICE OF THE COMMISSIONER FOR VOLUNTARY ORGANISATIONS
Detailed Results - 31 December 2019

Administrative expenses

	Year ended 31 December
	2019 €
Accountancy fees	3,776
Advertising expenses	1,046
Amortization	1,977
Auditor's remuneration	2,242
Bank charges	147
Data inputting services	8,011
Depreciation	661
Director's remuneration	24,888
Other expenses	2,120
Printing, postage and stationery	4,992
Professional fees	444
Repairs and maintenance	1,876
Social security expenses	8,160
Subscription	1,068
Subsistence	651
Telecommunications	2,415
Training costs	975
Travel expenses	290
Wages and salaries	77,416
Total administrative expenses (page 19)	143,155

Other income

	Year ended 31 December
	2019 €
Refunds received from MITA	12,048
Total other income (page 19)	12,048