



Office of the Commissioner
for Voluntary Organisations

ANNUAL REPORT

2018

CONTENTS

1. Overview by the Commissioner	1
2. Enrolment of Voluntary Organisations	8
3. Annual Returns and Annual Accounts	12
4. Investigations and Monitoring	17
5. Amendments to the Voluntary Organisations Act and the set up of a legal office	26
6. The Website Project	35
7. Public Appearances and Meetings	40
8. Financial Statement	43

1. OVERVIEW BY THE COMMISSIONER

The year 2018 brought about a change of Commissioner for Voluntary Organisations, the second Commissioner to be appointed since the publication of the Voluntary Organisations Act in 2007 (Chapter 492 of the Laws of Malta). My appointment is in fact dated 2nd May 2018. Before proceeding further, I must register my sincere thanks to my predecessor, Professor Kenneth Wain, for his sterling work in steering the workings of the Office of the Commissioner for Voluntary Organisations from its inception in 2007 up to this year and for creating the solid foundations on which the Office can build and develop further.

As stated above, the Office of the Commissioner for Voluntary Organisations was set up in 2007 as per Chapter 492 of the Laws of Malta. The basic operating tools of this Office were subsequently strengthened with the enactment of subsidiary legislation 492.01 in 2012 (Annual Returns and Annual Accounts Regulations). However, the enforcement of these tools was severely hampered by the fact that the Commissioner had to justify enforcement of the laws through the Administrative Review Tribunal vis-à-vis the budgetary cost to the Office and the enormous lengths of time this Tribunal took to deliberate – in some cases for four or five years. Up to 2018 over 400 enrolled VOs had been flagged as not having submitted the Annual Returns in some cases from 2011 onwards. Yet the previous Commissioner had decided quite correctly, that reporting them to the Tribunal would have depleted the very limited budget of the Office. He waited in the hope that the proposed amendments to the Act will be passed to empower the Commissioner to investigate and to sanction defaulters.

On assuming the Office of Commissioner for Voluntary Organisations on the 2nd May 2018 I found the situation exactly as described above. After a short period of acquainting myself with the workings of the Office, towards the end of the month I was made aware for the first time of the serious issues relating to voluntary organisations (VOs) to the possibility of getting involved in money laundering and / or funding of terrorist organisations. As the critical issues were mostly those relating to compliance, I immediately distributed the work load of compliance equally to the two Annual Returns and Annual Accounts Officers at the Office with each individually reporting to me all aspects of compliance and requiring that each Compliance Certificate had to be authorised and signed by the Commissioner.

This is now operational. The issues of anti-money laundering and combatting the financing of terrorism (AML/CFT) can also affect the operations of the Enrolment Officer and again he was requested to report directly to the Commissioner any issues relating to the new enrolment of VOs. Incidentally the Commissioner, as in past years, also signs the Enrolment Certificates of VOs.

The Office of the Commissioner for Voluntary Organisations examined the draft legislation being proposed amending Chapter 492 and made several valid proposals. This Office also pushed hard for the proposed amendments to be enacted into Law before the end of October 2018, submitted several amendments and the final draft amendments passed through the first reading in Parliament in the beginning of July and were passed through the second reading, the Committee Stage and through the third reading, finally became Law when it was published in the Government Gazette No. 20083 of the 6th November 2018. These amendments will greatly strengthen the investigative powers of the Office of the Commissioner. The Commissioner can now cancel the enrolment of any organisation which is found defaulting on the Law or its subsidiary legislation without the need to submit the case for a decision by the Administrative Review Tribunal. The Commissioner can also request any information from any organisation or from its administrators for the purpose of investigations and greater transparency without breaking the Data Protection Act. Furthermore, the Commissioner is now empowered by the amended Act to request banks or any other financial authority or entity any information on any organisation or its administrators without the need to submit a request to the Tribunal or the Civil Courts. This allows the Office to investigate VOs through their bank accounts to identify the ultimate beneficiaries of money transactions. Furthermore, religious organisations are now regulated by the new amendments and those governed by canon law would be exempt from registering as a voluntary organisation. Political organisations are also now regulated through the Financing of Political Parties Act and where these organisations are identified these will be disenrolled from the Register for Voluntary Organisations.

One of the most important additions in the new amendments is the concept of mandatory enrolment. Organisations that have an annual income of €5,000 or more, are now obliged to enrol with the Office of the Commissioner for Voluntary Organisations. Those organisations whose annual income is less than €5,000 are still obliged to enlist the organisation with the Office of the Commissioner.

At the beginning of June 2018 the Commissioner and his staff attended a meeting on AML/CFT at the Ministry for Finance at which the need to comply with Moneyval (Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism) requests were highlighted. The Commissioner and his staff did not wait for directions or instructions from the authorities but decided to be proactive and to prepare the Office for all eventualities in dealing with cases of AML/CFT. The Office of the Commissioner immediately embarked on assessing all the 1570 odd NGOs enrolled with the Office up to that time into their risk potential, having first established the criteria defining such risks to AML/CFT, based on Transparency International Corruption Perception Index, into high, medium and low risk. Having identified a number of enrolled VOs as falling in the category of high risk, the Office of the Commissioner embarked on setting up close collaboration with Financial Intelligence Analysis Unit (FIAU) and with Malta Security Service (MSS) to screen all potential VOs considered to be a high risk to AML/CFT. The Office also collaborates with the Malta Police Counter Terrorism Unit in various aspects of investigations. Furthermore, the Office collaborates with the Tax Compliance Unit to investigate potential cases of tax evasion and tax avoidance. The need to cooperate with FIAU was also entrenched in the new amended Act. The newly amended Act necessitated changes to the subsidiary legislation 492.01 and this is in the final stages before publication. This will include articles wherein the Office of the Commissioner will be considered as a competent authority to collaborate with FIAU, MSS, the Police and other competent authorities.

The Commissioner also instigated the compilation of all the processes performed by the staff of the Office of the Commissioner for Voluntary Organisations into a written Standard Operating Procedures (SOP) Manual, presently in its Version 1.5 form, that will guide all the present and future staff in the performance of their duties in an open, transparent way providing and encouraging good governance practices.

In this regard the Commissioner has strengthened the investigative arm of this Office with the setting up of an Investigation and Monitoring Unit under the direction of a senior officer recruited directly for this post. For such a fast recruitment the Office thanks the help of the Parliamentary Secretary for Sport and Voluntary Organisations and his Staff as well as the Permanent Secretary of the Ministry for Education and Employment.

In this short time this Investigation and Monitoring Unit has already done substantial amount of work in investigations. On direction from the Commissioner this Unit has completed a full-scale risk assessment of all VOs enrolled with the Office and has assessed all 1600 odd VOs under the new risk assessment criteria detailed in the SOP.

On approval by the Commissioner, the investigation officer has also made a job shadowing experience with the Charity Commission in the United Kingdom, to train and gain more knowledge in this area and to open new channels of communication with counterparts overseas. Despite all these pressures of work, the Commissioner has accepted to meet and has met most voluntary organisations who requested an appointment, or his presence at one or more of their functions. He has also initiated investigations in all cases reported to him by third parties, by Government entities and by other Commissions most of which investigations are now completed or nearing completion.

Moreover, the Commissioner approved the attendance, at the expense of the Office, of two officers to attend a 14 week training programme at the University of Malta on Blockchain and crypto currency to gain more knowledge on this new technology which could potentially be used by voluntary organisations, especially since the Office has had its first enrolments by organisations specialising in these areas and especially since the amendments of the Act now cover also transactions using block chains and cryptocurrencies.

To raise the awareness of VOs on money laundering and financing of terrorism and the risks faced by VOS, a seminar was organised for VOs, which was very well attended. This seminar was addressed by the Minister for Finance and then by the Permanent Secretary at the Ministry for Finance with a closing address by the Minister for Education and Employment to show the absolute commitment of the Government to address the issues of money laundering and countering financing of terrorism. During this seminar presentations on the essential awareness of the issues of AML/CFT, delivered by the FIAU, how to protect VOs from abuse, the amendments to the Voluntary Organisations Act (Chapter 492 of the Laws of Malta) which has given greater powers to the Commissioner to investigate such abuse, and the compliance of VOs with Subsidiary Legislation 492.01 (annual returns and annual accounts) Regulations 2012 were delivered.

The Commissioner for Voluntary Organisations has furthermore compiled the proceeds of the seminar into one email which was sent to all 1600 odd enrolled voluntary organisations so that those organisations that were not represented at the seminar were still made aware of the issues raised. Outreach training sessions in Malta and Gozo have also been delivered on how VOs should protect themselves from abuse.

The completion of the website for the Office wherein all VOs will be detailed, including all data envisaged in the Law for public scrutiny, has been given a major boost employing students on a part time basis to scan all relevant documents and compile them for transfer onto the website. Data on 760 VOs who have achieved compliancy this year has been entered in the website and the rest will be completed early in the year 2019.

During the year 2018, the National Audit Office (NAO) carried out a Performance Audit evaluating the regulatory function of the Office of the Commissioner for Voluntary Organisations with the publication of its report in December 2018. The NAO submitted that “the regulatory function within OCVO 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 Malta. With the introduction of the new legislation, which obliges all VOs to enrol, it is imperative that OCVO’s administrative capacity is augmented to enable it to implement and enforce its broader remit”

To carry out all this work more efficiently and securely the Office has requested the authorities for personnel to be employed with the Office. The Office requires lawyers, accountants and reliable officers to assist and perform the now essential ongoing investigations of all voluntary organisations with careful scrutiny and screening of all the annual returns submitted by the 1600 VOs enrolled, especially in the knowledge that the amendments to the Act have come into force, making it compulsory for all voluntary organisations to register with the Office, thereby doubling if not tripling the numbers enrolled. The Commissioner has embarked on an exercise to identify suitable officers for these posts and it is a pleasure to announce that the Office has been assigned an experienced lawyer who has been released from the Courts of Law to perform duties at the Office of the Commissioner for Voluntary Organisations.

The previous Commissioner complained time and time again about the fact that the Office of the Commissioner for Voluntary Organisations had been relegated to an appendage of the Ministry it was assigned to and that the whole operations of the Commissioner's Office were compromised by the constant apathy in recruitment of staff.

The annual report for 2017 submits that "now quite literally, we are at crisis level; the staff complement is not even minimal never mind ideal" With the amendments to the Act the Commissioner now enjoys the legal and judicial representation of the Office as a legal person. The Office of the Commissioner is now deemed to be a body corporate and has a distinct legal personality. Despite these provisions in the Act, and the requirements in the Act greatly increasing the responsibilities of the Office, I am still finding exactly the same problems encountered and reported upon by the previous Commissioner and once again I insist that we are still at crisis level with the staff complement not even minimal to address the much broader requirements of the Act. The authorities seem to be totally unconcerned with the need to abide by the Act and getting approval for even three additional staff is an insurmountable obstacle incapacitating the workings of the Office and the need to carry out the necessary investigations as requested and required by Moneyval and by the Auditor General.

To carry out the duties as designated in the Act the Office requires a minimum of 30 persons, but the Office is only operating with a skeleton staff of seven persons excluding the Commissioner. My office is as incapacitated in performing its functions as it was under my predecessor. Despite the Attorney General's insistence that the Office is fully independent of Government, this is anything but. Moneyval reported that "at the time of the on-site the CVO consisted of seven persons and the evaluation team was informed that the CVO budget has been approved to be increased from €110,000 to €500,000 mainly for increasing the staff, taking into account the widening of the function and responsibilities of the CVO. This seems to be an adequate improvement to make sure the CVO is no longer understaffed as it was in the past." The onsite Moneyval visit on the 13th November 2018 found the Office with a staff complement of 7 persons. Since then not one single other person was allocated to the Office despite the lapse of 3 months.

Two persons from the Office, including the undersigned, have been called to sit on the National Coordination Committee for combatting money laundering and funding of terrorism. We have been performing these duties since June 2018.

The Ministry for Finance has appreciated the great efforts made by the Office in reaching the requirements of Moneyval in such a short time and understands the need for this Office to increase its staff complement substantially. As a matter of fact, the budget allocation for the Office was increased from €130,000 to €500,000.

However, this generous budget increase is futile if the Office cannot recruit staff to carry out the enormously increased obligations arising from the Act and from other pieces of legislation which need to be issued to control charity shops, public collections and tax exemption. It is futile to legislate if the enforcement of such legislation is rendered impossible through lack of staff.

This Office has tried to be proactive in all its efforts. However, all this preparation cannot end with such a scrutiny but will be geared towards continuing to assess and monitor VOs to investigate, identify and / or prevent all alleged cases of AML/CFT and all cases of breaches of the Law and its Subsidiary Legislation provided adequate staff is assigned to the Office.

I conclude this report by thanking the staff at the Office of the Commissioner for Voluntary Organisations for the dedication, hard work, perseverance and professionalism they show despite the constant pressures arising from lack of supporting staff.

Dr. Anthony Abela J. Medici
Commissioner for Voluntary Organisations

2. Enrolment of Voluntary Organisations

There are a number of important advantages associated with enrolling a VO. One of the advantages is the increased level of trust because of more transparency and accountability. Understandably, many people will be more inclined to give their money or time to an enrolled VO. This has important implications on fundraising activities. Enrolled VOs also enjoy a range of benefits in accordance with article 4 of the VOA amongst which, they can receive or be beneficiary of grants, sponsorships or other financial aid from the Government and any entity controlled by the Government or the Voluntary Organisations Fund. Moreover, they can be party to contracts for the carrying out of services to achieve their social purpose at the request of Government or any entity controlled by the Government. With the enactment of the amendments of the Voluntary Organisations Act (Chapter 492 of the Laws of Malta) on 6th November 2018, voluntary organisations are required to enrol under this Act (article 12B)

Figures for year 2018 show that applications for enrolment with the Commissioner have kept a steady pace although slightly less applications were received than the previous year. In fact, during 2018, a total of 134 new applications were submitted compared to 141 applications that were submitted in the year 2017. This brings the total of VOs that have applied with the Commissioner since the office started operating in 2008, to 1655 applications.

A total of 175 applications were submitted for processing during 2018 as listed hereunder:

- 40 applications carried forward from 2017
- 134 applications received during year 2018

A breakdown of these applications are as follows:

- 119 organisations were fully enrolled (this includes 26 organisations that were requested to submit further documents).
- 56 organisations were requested to present further documentations (out of which 26 organisations submitted all the required documentations and were fully enrolled).

The 56 organisations can be classified as follows:

- 26 organisations from 2017
- 32 organisations from 2018
- 23 applications being processed (transferred to 2019).

This shows that the Office of the Commissioner had another busy year during 2018, during which 87% of the total applications were processed.

Certificates of enrolment

Hereunder is the breakdown of the Certificates of Enrolment issued by the Commissioner on a monthly basis during the year under review (this also includes new replaced Certificates):

January	-	16
February	-	8
March	-	7
April	-	5
May	-	14
June	-	9
July	-	12
August	-	10
September	-	13
October	-	12
November	-	8
December	-	5

A total of 20 new replaced Certificates were issued during 2018 and the breakdown is as follows:

- 3 – Replacement of the Old Certificate;
- 8 – Organisations changed their address;
- 1 – Organisations changed its Name;
- 3 – Organisations misplaced/lost the original Certificate of Enrolment (Certificate of Enrolment replaced after producing a notarial affidavit);
- 3 – Re-printed Certificates;
- 2 – Organisations amended its purpose.

Categories of enrolled voluntary organisations

All VOs are classified on registration 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	No. VOs	Percentage of the total VOs
Philanthropy	238	9.09%
Education and Sport	635 (Sports 142)	24.25%
Religion	89	3.49%
Health	198	7.56%
Social and Community	694	26.50%
Culture, Arts and National Heritage	530 (Band Clubs 84)	20.25%
Environment and Animal Welfare	111 (Animal Welfare 47)	4.23%
Promotion of Human Rights	123	4.69%

Classification	No. VOs	Percentage of the total VOs
Voluntary organisations from Gozo	114	4.35%
Youths	77	2.94%
Children	75	2.86%
University of Malta	20	0.76%
Not yet classified	30	1.14%

Cancellation of Applications

The Commissioner cancelled 19 enrolment applications after these organisations failed to submit further documents as required by law. Two organisations have since then re-applied for enrolment with the Commissioner after submitting the correct documents.

Winding Up

Six organisations wound up during the 2018 and have returned their Certificate of Enrolment to the Commissioner as required by law.

Cancellation due to political parties involvement

The amendments of the Voluntary Organisations Act state that any organisation of whatever legal form which is controlled by, related or affiliated to a political party shall cease to be enrolled with the Commissioner. Consequently, the five voluntary organisations enrolled with the Commissioner falling under this definition and the Financing of Political Parties Act were asked to return their Certificate of Enrolment in terms of these laws.

3. Annual Returns and Annual Accounts

Enrolled Voluntary Organisations

During 2018, statistics once again showed that several enrolled voluntary organisations are still encountering difficulties in compiling the requested documents and submitting them in time, to be in line with the Subsidiary Legislation 492.01 (Annual Returns and Annual Accounts) Regulations 2012. In accordance with the provisions of the law, the Commissioner also granted extensions for the submission of correct annual returns and annual accounts to organisations which requested realistic extension periods, supported by valid reasons, including the adoption of proper internal administrative practices and policies.

The Office of the Commissioner continued providing guidance, within the parameters of the Voluntary Organisations Act and the Subsidiary Legislation 492.01 and support to the enrolled organisations, whilst carrying out monitoring and control measures, in accordance with the aforementioned legislations to continue promoting accountability and transparency in the voluntary sector. The main tasks forming part of this process include:

- Notifying enrolled VOs with continuous reminders by emails with the related templates and guidelines for correct completion of annual returns
- Advising VOs on compiling and submitting annual returns in line with the legislation
- Obtaining further clarifications on issues for having a clearer picture and better understanding of VOs financial situations and management to improve translucency's quality.
- Meetings with various organisations and their representatives.

Problems encountered

The delays or lack of submission of annual returns and annual accounts still persisted during 2018. During the years, statistics reveal that a number of administrators lack skills and abilities in administrating VOs. Others are still finding difficulty in engaging accounting professionals due to financial constraints. In addition, VOs report that their accounting professionals submit their reports late with the consequence that organisations are not punctual in the submission of their annual accounts in accordance with the provisions of Subsidiary Legislation 492.01.

Moreover at times, reports, documents and accounts are not detailed and therefore VOs are asked to submit further information for clarity and evidence.

Annual Returns submissions

During 2018, the Office of the Commissioner did its utmost, with its still highly limited resources, to encourage and assist voluntary organisations to submit annual returns and accounts as per Subsidiary Legislation 492.01. This Office also continued to focus in bringing to the attention of defaulting VOs, the importance of submitting the annual returns and accounts related to previous years, which were not submitted in time. Defaulting VOs are prohibited from applying to any Government funding. Various meetings were held with VOs to encourage them to conform with the law, apart from the continuous customer service given online or telephonically.

Monitoring key indicators

From the analysis carried out during the vetting of annual returns and accounts submitted by VOs, the Office of the Commissioner noted that a number of submissions lacked good practices. Hereunder are examples of good practices required by VOs:

- The Revenue Budget: This has to be built up from the detailed plans for fundraising, IT, staffing and other operational areas. Good budgets can only be made as a result of good underlying plans, while generated revenue and income have to be included during the respective year. Incoming resources have to match the spending plans.
- Cost Expense: Cost/Expense, such as “remuneration”, is to be included in the referred year. “Remuneration” means any honorarium, wage, salary, fee or other payment for services (in accordance with the amended Voluntary Organisations Act)
- Cashflow forecast: This allows the administrators to monitor the organisation and be aware as early as possible of potential financial difficulties. The completeness and accuracy of the accounting records have to be ensured by reconciliations. A poor control environment may lead to financial malpractice.
- Internal Controls: Procedures will only be effective if they incorporate adequate internal controls. For example, bookkeeping systems include certain checks and balances, such as trial balances, control accounts and reconciliation systems, such as sequential numbering of invoices. There should be checks that invoices records are correctly totaled and analysed.
- Segregation of Duties: Poor segregation of duties does not provide a check to detect errors. Good segregation of duties can be difficult to Category 1 (small) organisations, but they

still need to consider this. At its very simplest, the internal control system should separate the task of approving or authorising expenditure from recording of payments.

- **Administrative Report:** The annual administrative report has to highlight the annual activities of the organisation. The activities should reflect in the accounts to give a clearer picture on the annual income and expenses, together with the profit / losses made. This will highlight the transparency and accountability of the organisation.

- **Shares/Fiduciary obligations:** When shares in a company are endowed to a VO to support its purposes, capital or income, the administrators have to declare and record it in the annual accounts, in terms of Subsidiary Legislation 492.01. In addition, any person who has any role in a VO, for which remuneration is paid in any form, or has his or her expenses refunded, or has any control or powers of disposition over the assets of the VO, s/he shall be considered to be subject to fiduciary obligations.

- **Statement of Account for Public Collections:** Accountability remains the key driver of public trust. The annual returns and annual accounts gather relevant and pertinent information about VOs, where the Office of the Commissioner ascertains that these are in line with Subsidiary Legislation 492.01. As from 2018, the submission of the Statement of Account for Public Collections in relation to organised events or performed activity is being enforced to continue promoting accountability and transparency.

Amendments in income and generated revenue categories

The amendments of the Voluntary Organisations Act provide for the amendment in the categories under which VOs fall with regards to their income and generated revenue in terms of Subsidiary Legislation 492.01.

- In the case of voluntary organisations, with a generated revenue and income, of less than fifty thousand Euro (€50,000), these shall be made subject to Category 1 enrolment organisations

- In the case of voluntary organisations with a generated revenue and income exceeding fifty thousand Euro (€50,000) but less than two hundred fifty thousand Euro (€250,000), these shall be made subject to the General Accounting Principles for Small and Medium Sized Entities (GAPSME) in terms of Accountancy Profession (General Accounting Principles for Small and Medium-Sized Entities) Regulations and
- In the case of voluntary organisations with a generated revenue and income exceeding two hundred fifty thousand Euro (€250,000), these shall be made subject to full audit by an auditor and the (IFRS) International Financial Reporting Standards shall apply.

Categories prior to the amendments of the Voluntary Organisations Act	New Categories in the amended Voluntary Organisations Act
<p><u>Category 1</u></p> <p>Annual revenue does not exceed or is equal to € 20,000</p>	<p><u>Category 1</u></p> <p>Generated revenue or income of less than € 50,000</p>
<p><u>Category 2</u></p> <p>Annual revenue exceeds €20,000 but does not exceed or is equal to €200,000</p>	<p><u>Category 2</u></p> <p>Generated revenue or income exceeding €50,000 but less than €250,000 – GAPSME Accounts in terms of Accountancy Profession Regulations</p>
<p><u>Category 3</u></p> <p>Annual revenue exceeds €200,000</p>	<p><u>Category 3</u></p> <p>Generated revenue or income exceeding €250,000 subject to IFRS audited Accounts</p>

Conclusion

All enrolled VOs are legally bound to submit the required documents in time. The Office of the Commissioner is still finding difficulties in getting all enrolled VOs in line with Subsidiary Legislation 492.01. The enactment of the amendments of the Voluntary Organisations Act give more powers to the Commissioner to take timely action against defaulting VOs. One of the key objectives of the Office of the Commissioner is to regulate the voluntary sector, to improve the quality of enrolled VOs, by offering good support to get enrolled voluntary organisations in line with the law.

However, to facilitate the Office of the Commissioner's efficiency, more manpower is immediately required, especially to monitor the possibility of illicit activities of VOs, in line with the amendments of the Voluntary Organisations Act. Further training and education programmes to VOs are needed to change the culture of defaulting VOs. The efforts of all stakeholders to abide by their respective obligations will finally result in a win-win situation.

4. Investigations and Monitoring

The Commissioner is generally required and empowered by law to act as regulator of and registrar for voluntary organisations and to monitor the voluntary sector and its activities to ensure that the sector, which is dominated by fiduciary obligations towards public benefit purposes having social needs, operates according to high standards of administration and in a manner that is transparent and accountable to public scrutiny, and is not abused and becomes a tool for criminality such as fraud, money-laundering, financing of terrorism or other abuse.

The Office of the Commissioner carried out several investigations during 2018, under the powers given to the Commissioner by the Voluntary Organisations Act.

Role of the Commissioner

As per Article 34 of the Voluntary Organisations Act, the Commissioner may, in the cases referred to in article 19(2), investigate the affairs of any voluntary organisation at any time and may demand from any person, in writing, any relevant information relating to the operation of a voluntary organisation or related to any person involved in the activities of a voluntary organisation, if he receives what he considers to be a valid complaint in writing or if he has cause to believe that such information is necessary to establish whether a voluntary organisation is acting in compliance with the provisions of this Act.

The cases which can be referred to the Commissioner, include, those where the voluntary organisation:

- (a) is not pursuing the purposes stated in the statute and in so doing it is misleading the public;
- (b) is making public collections for purposes outside its objects;
- (c) carries out unlawful activities or is repeatedly acting in contravention of the provisions of any law which are mandatory;
- (d) is failing to comply with the provisions of its statute or of the Voluntary Organisations Act or any regulations made thereunder, or the administration thereof is being carried out to poor standards of corporate governance and continues to be so carried out for a period more than three month notwithstanding a written warning by the Commissioner;
- (e) is misapplying funds, or is using funds or benefits received for purposes other than those for which such funds or benefits were granted;

- (f) appears to have continued operating after it has been formally dissolved;
- (g) has not functioned for a period which exceeds twenty-four consecutive months;
- (h) obtained enrolment based on materially incorrect or incomplete information that would have otherwise resulted in a refusal had the correct or complete information been known to the Commissioner.
- (i) does not have a public purpose or its public purpose does not meet the sufficient requirements, whether this is determined by the Commissioner after the enrolment of the organisation in accordance with the law.

The Commissioner may not instruct the administrators on how to fulfil the purposes of the Organisation. If the purpose of the organisation is the advancement of religion, the Commissioner shall rely on a statement issued by the relevant religious authority regarding whether the purposes of the organisation are being fulfilled.

Course of Action

The actions open to the Commissioner may be of different kinds relative to the matter concerned and depending on the seriousness or otherwise of the breach of law allegedly committed by the administrators of the voluntary organisation in question; ranging from alleged minor breaches or offences that require limited intervention by the Commissioner after an inquiry into the facts and issues, to more serious allegations that require investigative action.

The Commissioner shall decide after an initial informal inquiry into the case whether it should be taken further into an investigation or stop there as an inquiry, the seriousness of the matter brought before him may require the Commissioner to proceed to an investigation immediately.

The difference between an inquiry and an investigation is that an investigation will extend the inquiry beyond the immediate matter complained about to examine the general state of affairs of the organisation as a whole in detail to ensure its full compliance with the law in all aspects of its administration; its governance and financial affairs.

The Commissioner may also upgrade an inquiry to an investigation where the organisation and/or administrators concerned refuse to comply or comply only partially or insufficiently with the inquiry being conducted.

In 2018 a Manual of Standard Operating Procedures was introduced at the Office of the Commissioner and the investigations carried out followed the procedures set out in the manual.

Concerns for the attention of the Commissioner

The following list of concerns must be brought to the attention of the Commissioner to be investigated. Everyone is encouraged to come forward with information regarding concerns with VOs' behaviour.

The concerns include

- any suspected cases of fraud or theft within the organisation or by its administrators
- any significant financial loss to the organisation created by bad financial management
- any significant harm through the operation of the organisation's services suffered by beneficiaries, particularly vulnerable ones
- any criminality within or involving an organisation, including money laundering and other illegal purposes
- any other threats to the national security especially the use of the organisation to aid or support terrorism
- any violation by an organisation of the purposes for which it is enrolled with the Commissioner or if it is following evidently different purposes
- any deliberate use of an organisation for private advantage and/or in violation of its not-for profit undertaking
- any serious suspicion that an organisation's independence as defined by law is seriously compromised
- any other action of an organisation or its administrators which could be in breach of the Voluntary Organisations Act or could damage public trust in the organisation itself or the voluntary sector in general.

Workshops about Protecting VOs from Abuse

During 2018 the OCVO carried out several workshops to raise awareness about how to protect VOs from abuse, such as money laundering, fraud and financing of terrorism.

A toolkit was developed by the Office of the Commissioner to support the VOs in this regard. This toolkit is designed to help VOs safeguard themselves.

All Voluntary Organisations need to keep in mind that their existence depends on their commitment towards the cause and, more importantly, public trust.

Public trust is very difficult to build but incredibly easy to lose! One case of abuse will not only impact that particular organisation, but, the whole sector.

The three-hour workshops took place at the Office of the Commissioner in Floriana and in Gozo. Most of the workshops were carried out in the evening with one workshop organised in the morning. The workshop in Gozo was organised on a Saturday morning. Ninety three participants from eighty three VOs participated in these workshops.

Toolkit – Protecting your VO from abuse

This document is based on the Compliance Toolkit produced by the Charity Commission for England and Wales. It is designed to give VOs the knowledge and tools needed to manage risks and protect them from harm and abuse. The aim is to help VOs put in place good standards of governance and accountability in place to safeguard themselves from terrorism, fraud and other forms of abuse.

Terrorism is a serious and continuing threat to society everywhere. This threat applies to the VO sector as much as any other sector. Experience in other countries show that the number of cases in which there is evidence to prove that the sector has been involved in supporting terrorist activity, whether directly, indirectly, deliberately or unwittingly is very small in comparison to the size of the sector.

However, such abuse is completely unacceptable and the impact of even one proven case involving a VO is potentially significant for public trust and confidence in that organisation and the sector in general.

The risk of links or association to terrorist activity or of terrorist abuse does not apply equally across the sector and there is no ‘one size fits all’ approach.

How might VOs be vulnerable?

The abuse of VOs for terrorist purposes may take a variety of different forms, including exploiting VO funding, abusing VO assets, misusing a VO name and status and setting up a VO for an illegal or improper purpose.

It may also include inappropriate expressions of support by an administrator for a proscribed organisation or designated person or entity.

Terrorism risks may arise when funds are raised, and donations received, where grant funding is disbursed, and in the provision of services and other VO activity.

Whatever the VO, its size, activities and areas of operation, those with strong governance arrangements, financial controls and risk management policies and procedures that fit their needs will be better safeguarded against a range of potential abuse, including terrorist abuse.

Why are VOs vulnerable to fraud and financial crime?

VOs are also heavily reliant on altruism, trust and honesty. They enjoy high levels of public trust and confidence, so appearing to be associated with a VO can give a criminal enterprise a veneer of respectability.

Many VOs in Malta are small or medium sized entities. Such organisations tend to rely on a small number on volunteers, to supervise the funds and assets of the VO and these arrangements may lack the scrutiny and division of duties possible in larger organisations. The reliance of VOs on cash-based fund raising may make the sector attractive to both opportunist and organised fraudsters. And the ethos of VOs, built on voluntarism and pursuit of a common and shared goal, may create a degree of trust amongst individuals and staff which allow the unscrupulous to operate with less suspicion.

VOs can be attractive to fraudsters and financial criminals because they:

- may believe that nobody would abuse a VO, so VO administrators might not think to ensure strong financial controls;
- often rely on goodwill and voluntary support in one form or another, making it less likely that problems are identified, or criminals pursued;
- often depend on one or two individuals who can play a key or largely unsupervised role in running the VO;
- form a hugely diverse sector, are involved in a wide range of activities and reach all parts of society, so patterns of financial abuse may be harder to identify, and prevention methods need to be adapted to work efficiently
- may have unpredictable and unusual income and expenditure streams that can make suspicious transactions and financial trends harder to identify;
- may have an international presence, sometimes in areas of conflict and/or where there is poor financial infrastructure or operate in cash intensive environments;
- may have complex financial systems involving multiple donors or investments, and high levels of cash income and expenditure;

- may need to use carry out multiple transfer of funds locally and overseas;
- may have partners through which they deliver work and pass funds
- may have branches and/or projects that are not under the direct or regular control or supervision of the VOs' administrators;
- may have insufficient staff to allow for proper segregation of duties;
- can be set up as sham organisations to disguise what are in reality illegal public fundraising and other activities

How VOs might be vulnerable to fraud and financial crime?

Financial abuse may occur within a VO, carried out by someone involved in or connected to it, or the VO may be the victim of crime committed by entirely external individuals or entities.

VOs can be victims of crime in the same way as other sectors and individuals and this risk can never be eliminated. Financial abuse of a VO can be committed by individuals outside of a VO or by other organisations. For example, fraudulent fundraising in the name of a VO or VOs generally, or on behalf of defunct, bogus or non-existent VOs. Incidents may be isolated, or they might form part of a systematic plan over a long period of time.

However, sometimes abuse takes place by those close to or connected with the VO, which is particularly serious. Administrators are in a position of trust. VOs depend on trust. The public, donors and those involved in VOs depend on them to protect VO funds and assets. Sadly, sometimes people involved with VOs in positions of trust with specific financial responsibilities abuse that trust.

The risk of financial crime exists at every stage of a VO's activity, from the point at which income is generated and received, through the internal management and decision making and eventually to the end use of funds. Some VOs may face additional or particular risks because of the activities they undertake, but no VO can regard itself as being immune to the risk. All administrators must ensure that they are aware of the risks their VO faces, assess them objectively and take appropriate and proportionate steps to manage them in the context of their particular VOs and what they do.

Fraudsters and criminals are becoming increasingly sophisticated in their methods, adopting new technologies and targeting organisations' vulnerabilities. This emphasises the importance of regularly reviewing and updating financial controls and safeguards against fraud and highlights the importance for administrators to be aware of what is going on in their VOs. There is a very clear need for VOs to protect themselves by adopting or reinforcing anti-fraud initiatives.

VOs working internationally may face an increased risk of financial abuse from fraud, or theft because of the complexity of working across borders where there may be less control or where local conditions make it hard to apply controls. Administrators of these VOs may need to address particular challenges, for example relying on alternative methods for transmitting funds abroad or trying to establish clear audit trails when working with partner agencies abroad. Moving funds overseas creates extra opportunities for them to go missing because of, for example, conversion to other currencies, conversion of cash into goods and back again and, in some areas, local corruption, the absence of formal banking systems and unregulated local customs and practices.

Financial crime does not necessarily involve large amounts of money. Depending on the VO's size and the work it undertakes, fraud involving relatively small amounts can still result in significant damage. There is much that VOs can and should do to be fraud-aware.

Criminals may exploit VOs by misappropriating charitable funds through fraud, theft, money laundering or diverting charitable funds from legitimate charitable work. Examples of the types of fraud and financial crime that VOs may be susceptible to include:

- banking system theft and fraud;
- misuse of the VO's bank account;
- fraudulent credit or debit card transactions or charges;
- intercepting postal donations and cheques;
- failing to pass on money from public collections;
- stealing or 'skimming-off' money from cash collections;
- fake fundraising events and requests for donations;

- theft from VO shops and trading activities;
- using the VO's databases or inventories for personal profit or unauthorised private commercial use;
- fake grant applications the creation of false invoices or purchase orders;
- the creation of false employees or inflated expenses, overtime or other claims;
- providing services to beneficiaries who do not exist, and other forms of identity fraud.

Overview of the Toolkit

The toolkit is made up of 5 Chapters:

Chapter 1: VOs and terrorism

Chapter 2: VO's due diligence, monitoring and verifying the end use of charitable funds

Chapter 3: Fraud and financial crime

Chapter 4: Holding, moving and receiving funds safely

Chapter 5: Protecting VOs from abuse for extremist purposes

Chapter 1 is designed to help VO administrators familiarise themselves with the legal framework which aims to protect Malta from terrorist abuse and understand how this affects VOs. It provides advice on what you should do if you discover that your VO may be working with or connected to people or organisations on terrorist lists.

Chapter 2 focuses on the administrators' responsibilities to ensure that the money received is used for legitimate purposes and to reach the intended beneficiaries. It also puts forward a risk approach for VOs to follow. Sixteen tools are presented to help VOs carry out their due diligence and monitoring efforts to get to know their partners and beneficiaries better.

Chapter 3 aims to highlight some of the types of fraud and financial crime to which VOs are vulnerable and provide some practical advice for administrators on how to tackle it. If administrators have an awareness of fraud and financial crime risks, they will be better equipped to recognise them. This guidance will also help administrators to devise and implement measures to manage the risks.

Chapter 4 focuses on holding, moving and receiving funds safely. All VOs receive money from donors and sponsors, from fundraising activities, from membership subscriptions or from charging for their services to carry out their work. This money is spent on the running of the organisation and on projects to help beneficiaries. VOs working abroad often move money across international borders and spend it in other countries. They might encounter different financial systems, use different currencies. This chapter provides several practical Tools that administrators can use to help manage the risks and protect their VO's funds from harm.

Chapter 5 deals with the protection of VOs from abuse for extremist purposes. This last chapter focuses on how to protect VOs from abuse in relation to extremist views and purposes. It explains the administrators' responsibilities, duties and action to be taken.

Conclusion

The aim of carrying out inquiries and investigations in VOs is to protect the sector from unscrupulous individuals who will not hesitate to abuse the sector for their personal gain. The amended Voluntary Organisations Act has given the Commissioner further powers to investigate and demand information about the VOs and their administrators.

5. Amendments to the Voluntary Organisations Act and setting up of a new legal office

Nothing happens without reason. The setting up of a new legal office in November 2018 within the Office of the Commissioner for Voluntary Organisations was a necessity with the hefty amendments of the Voluntary Organisations Act enacted on the 6th of November 2018.

In fact this Office now has a warranted full time advocate to provide legal advise to the Commissioner and his staff.

The Office of the Commissioner is a body that regulates organisations, which in turn are made of people that predominantly associate to pursue their legal objectives. When one is dealing with people of far ranging ideas and opinions, inevitably issues arise on a day-to-day nature. People turn up at the office with different issues, and hence the establishing of a legal office within the Office of the Commissioner was of fundamental importance.

In tandem with the establishing of the Legal Office, the much needed and awaited new provisions of the Law came into force. In fact, the Voluntary Organisations Act No. XXXVI of 2018 addressed many issues that were lacking in Chapter 492 of the Laws of Malta, and through this Law, this Office not only has the tools to work effectively, but it gave extensive powers while listing various obligations to VOs.

The amendments to the Law

Before the amendments, the Voluntary Organisations Act lacked administrative and investigative tools to help the Office of the Commissioner to pursue its legal objectives smoothly. This is not a legal summary intended for those with a predominantly legal background, but rather a simple explanation of what's in for VOs following the publishing of the new provisions of this Act. In fact hereunder one finds some salient points relating to the amendments which are also listed so one can keep record for posterity that finally VOs have a law that regulates the sector in a fair manner and the despicable intentions of using such a sector for illicit means are curtailed.

1. Powers of the Commissioner

One of the distinctive features of the new provisions is the unfettered and authoritative powers of the Commissioner. These powers can be summarised below:

a) Power to suspend, cancel or revoke enrolment.

The Commissioner can revoke the enrolment of an organisation without the necessity of going to the Administrative Review Tribunal. This is one of the tools that will facilitate the Office's work and reduce bureaucracy considerably. As things stood before the amendments, the Commissioner had no alternative but to take the organisation to Court. Besides being time-wise highly consuming, this also put an unnecessary financial burden on the Office. In many instances, court proceedings were lengthy and many a time, there was great difficulty to trace and notify administrators for court procedures. Hence today, when an organisation is not compliant the Commissioner may suspend its enrolment and if the situation persists or case is so grave that it merits cancellation, the Commissioner will proceed with the same.

b) Power to issue guidelines.

The law ensures a fair level playing field for all Voluntary Organisations to work in a regulated, transparent and organised manner. However, an office that must regulate so many Organisations, the need for evolving and increasingly efficient administrative tools are a continuous necessity. Hence the law has been modified to give the Commissioner the power to issue guidelines on a case by case basis so that any grey areas are cleared, and operations can continue unhindered. An example is the setting up of the Review Board within the Office that is entrusted to decide on certain matters swiftly, so compliance officers have the peace of mind that issues are decided by the board appointed to shoulder them.

c) Power to investigate

Probably the most distinct and far reaching power of the Commissioner is the power to request information as stipulated in article 34 of this Act. The Commissioner can request information from any person or entity without contravening any data protection provisions and without the necessity of resorting to Court. In fact, following the receipt of a valid complaint, or even on his own accord, the Commissioner can initiate an investigation on a VO and/or the administrators of the same.

To ensure other loop holes are sealed, the Law has also included persons purporting to be VOs. Furthermore, not providing information or destroying information is also classified as an offence.

These powers cannot be considered as a threat to VOs. In fact, they are a safeguard that is carved in stone that ensures that the sector and the country are protected from those that abuse the sector for their own personal gain, which goes contrary to the social purpose organisations are created to be. After all, as the athlete Sherry Anderson once wrote: *“Volunteers don’t get paid, not because they’re worthless, but because they’re priceless.”*

2. Mandatory Enrolment

Organisations that have an income of more than €25,000 in any one year or have an annual income of more than €5,000 for three consecutive years are required to enrol with the Office of the Commissioner. An organisation which, when obliged to do so fails to enrol shall, notwithstanding the provisions of any other law, be disqualified from benefiting under any grant, sponsorship, any other financial aid from the Government or any governmental policy supporting voluntary organisations or from receiving or being the beneficiary of any exemptions, privileges or other entitlements supporting organisations under any law.

On the other hand, any other organisation is required to notify the Commissioner in writing of its existence and its principal purpose. The Commissioner must also keep and maintain a list of these non-enrolled VOs and in the manner, he may consider appropriate, enable any member of the public to verify the existence of a non-enrolled VOs, and to obtain any other information necessary.

3. Categories of Voluntary organisations

a) Religious Organisations

With new amendments, religious organisations may not enroll under this Act and shall not be treated as VOs for the purposes of this Act. A religious organisation means a pious foundation or an ecclesiastical entity, given authority through Canon Law and qualifies as a diocese, parish, church or place of worship, province or similar division of any religious order, institute of consecrated life and a society of apostolic life or an ecclesiastical community.

It also includes a hospital, school, teaching or counselling institute, orphanage or residential or respite centre available to the public, which is controlled by a religious organisation.

Such an organisation shall not be eligible to the rights, privileges and benefits of a voluntary organisation. However, when a religious organisation was already enrolled when amendments came into force, it can still maintain its VO status, with all relative rights, privileges, benefits and obligations, for as long as its enrolment remains in effect.

b) Organisations with political influence

With the new amendments, an organisation cannot be a voluntary organisation if it is a political party, has political purposes or is controlled by, related or affiliated to a political party. Hence such organisations cannot enrol under this Act and shall not be treated as a VO for the purposes of this Act. VOs already enrolled have to be disenrolled.

4. Applicable Market Levels when submitting accounts

In the case of VOs with a generated revenue and income of less than €50,000, these are subject to Category 1. Hence a balance sheet duly signed by two administrators will suffice.

In the case of VOs with a generated revenue and income exceeding €50,000 but less than €250,000, these are subject to the General Accounting Principles for Small and Medium-Sized Entities (GAPSME) in terms of Accountancy Profession (General Accounting Principles for Small and Medium-Sized Entities) Regulations and that apply without prejudice to the Voluntary Organisations (Annual Returns and Annual Accounts) Regulations. Therefore, in these cases, accounts must be signed by an external warranted accountant.

In the case of VOs with a generated revenue and income exceeding €250,000, these are now subject to full audit by an auditor and the International Financial Reporting Standards (IFRS).

5. Prevention of Money Laundering and Funding of Terrorism

a) Requests for information FIAU

The Moneyval delegation routine visit also co-coincided with the coming into force of the amendments. As mentioned earlier, the amendments were also made so that VOs are not used abusively or for illicit means. In fact, thanks to the new provisions, the Financial Intelligence Analysis Unit (FIAU), in fulfilling the responsibilities assigned to it under the Prevention of Money Laundering Act, can now demand access to the Register or to any information or documentation relating to the operation of an enrolled voluntary organisation and to the List of non-enrolled voluntary organisations. In turn, the Commissioner shall, in not later than five (5) working days from when the demand is first made give FIAU such access or information or documentation.

b) Duties of Administrators in prevention of the above crimes

The new provisions also impose new responsibilities on administrators of VOs. In fact, the Law now dictates that a VO must implement appropriate procedures relating to the prevention of money laundering and the funding of terrorism to ensure that their organisation is not used for such purposes. Such duties include, inter alia:

(i) confirming the identity, credentials and good-standing of the persons or organisations which the voluntary organisations support and obtaining evidence of the identity of the persons who control such organisations

(ii) confirming the identity, credentials and good-standing of other VOs, in Malta or overseas, as well as other persons with whom the administrators associate in carrying out activities to fulfil the purposes of their organisation

(iii) identifying significant donors of the VO, being individuals or other organisations, and, while respecting donor confidentiality, obtaining evidence of identity of the relevant individuals or the persons who control such other organisations

(iv) obtaining information on the source of funds which are donated to the organisation

(v) verifying that the assets of the organisation are used lawfully and in a manner which is consistent with its purposes and objects.

6. Sixteen year olds given right to be administrators

Another significant change is that the law has enabled sixteen-year olds to increase their role in VOs. In fact, notwithstanding the provisions of the Civil Code governing minors, guardianship and tutorship, minors who have attained the age of sixteen (16) years shall be eligible to administer an organisation and shall be vested with any rights pertaining to it and or resulting therefrom. Before this amendment was made, youths had a problem where despite being actively involved in an organisation, had no authority to administer it if they were under eighteen years of age. Now the Act is at par with the voting rights given to sixteen year olds in the amended Constitution.

The Legal Office

The duties of the legal office as established in the Office of the Commissioner are generally the following:

1. Legal Assistance to the Commissioner

With so many wide-ranging powers conferred to the Commissioner since the recent amendments, it is only natural and understandable that the Commissioner requires prompt round the clock assistance on decision taking and on vetting of correspondence. In fact, many a time, the Commissioner asks his lawyer to appear in various meetings on various subjects and with third parties, so the legal advice given can be sustained.

2. Review Boards

The Commissioner has rightly introduced the concept of review boards which to date have been instrumental in solving issues in grey areas that need fast and clear direction. As decisions must obviously be legal, besides practical, the Senior Legal Officer sits on the review board. In fact, the legal office designed the board minutes in a practical, easily recordable format with the same minutes being filed appropriately.

3. Assistance to the Office of the Commissioner for Voluntary Organisations

Many issues that may arise can be of an administrative and legal nature. The legal office has helped on a day to day basis on legal issues. An example is the changing of statutes to include addresses rather than PO boxes.

4. Commissioner of Oaths

It was a common practise for administrators of VOs to be sent to a notary to make declaration on oath in the case of for example missing documents or confirmation of submitted documents. The legal office was instrumental in obtaining this facility which is a first for the Office of the Commissioner. In fact, the Office has two commissioners of oaths appointed by the Minister for Justice which appointments have already been published in the Government Gazette. The legal office recommends that clients are charged only a small nominal fee, but such facility will be contributing more to make the office a one-stop shop for VOs.

5. Info number

As part of the Government plans for having information readily available to the public, the contact number of the legal office has been listed as that available for information on the website. To this effect various persons, from VO's members to researchers have made use of this facility for easily available information.

6. Document and Law drafting

The legal office has also offered assistance in the compiling of a sample statute for voluntary organisations. As in the case of the taking of Oaths, this has saved a great deal of expense for VOs that previously were left with no option but to revert to a professional for drafting of the same. Furthermore, there was widespread copying of statutes from different organisations leading to inaccuracies or mistakes being repeated across the sector. With regards to Laws, the legal office has also given assistance in the amendments to the subsidiary legislation 492.01 that will be enacted shortly.

7. Investigations

By far the most significant segment of the legal section is the Asset Tracing Unit within the same. This involved:

- The review of the law with respect to the powers of the Commissioner to investigate VOs, administrators or persons purporting to be VOs
- The drafting of the Commissioner's Investigation Order Certificate, which is the certificate signed under his hand that empowers the legal section the legal legitimacy to conduct such investigations
- The drafting of the investigation letter that points out the legal basis of the same, while making reference to the Commissioner's Investigation Order Certificate and also the provisions in the case of non compliance to the same order.
- The building and updating of the banks' database, establishing responsible persons of each bank for swift and effective replies. In fact with this database, the Office is now in possession of direct telephone and mobile numbers, together with email addresses of bank representatives or money laundering reporting officers so investigations can be directed to the responsible persons for accurate results.
- Establishing a point of communication with banks legal and/or compliance offices and their representatives so any queries can be made directly between the two.
- The migration to a paperless system as with the direct email addresses available all requests are now done by email. In fact, funds were spared as following the first investigation order which was made by registered mail, today all requests are made solely by email.
- The compiling of an easy to read, checklist style of report of funds on investigation subjects which is itself self-explanatory and gives a correct concise picture for further investigation.
- The granting of a declaration on oath of positive hits by respondents in our legal office without the necessity of sending bank representatives to a notary or to Court.
- The formulating of a letter to individuals requesting same to come forward to the Office with information on VOs.

This work has been achieved since the setting up of this legal office on the 12th November 2018 up to end of 2018. This office notes and applauds the teamwork and close co-operation within the Office of the Commissioner which augurs well for an increasingly more organised, better regulated and more efficient entity which the compliant VOs strive for and deserve.

After all Winston Churchill's words still prove to be very relative today for volunteers that strive to help others in need: "*We make a living by what we get, but we make a life by what we give.*"

6. The Website Project

In addition to the development of the online enrolment application and annual returns and annual accounts submissions, during 2018 the website project mostly focused on the development of further online services which include:

1. change of organisation details
2. updating of committee members
3. change of organisation's name
4. change of the classification and principal purpose
5. request for certificate of good standing
6. change of the representative resident in Malta
7. change of registration as a legal person

These services are now offered online to all those VOs who submitted their application for enrolment online and are given the status of a VO. Those VOs whose enrolment application was not processed online are not requested to re-apply online. The Office of the Commissioner is currently creating the online profiles for all those VOs which were not processed online. Once the profiles are created VOs will be contacted to provide them with information on how to login to their profiles.

The following is an explanation of how each process works.

a) Change organisation details

A VO can change the organisation details by clicking on the field change organisation details, attach the newly amended statute and submit the application.

b) Update committee members

VOs can update the committee members' details by clicking on the update committee members, update the current list and submit the application. It is highly important that the person responsible from such updates will have the ID card and document number of the ID card in hand (in case of a Maltese ID) or the passport / ID number in case of non-Maltese ID holders of all committee members. Together with this the applicant has to send the beneficial owner's document.

c) Change Organisation Name

VOs can change the organisation name by clicking on the field change organisation details, attach the newly amended statute and submit the application. The system will check if there is a VO with that name and if in the affirmative, the system will ask you to insert an alternative name.

d) Change the classification and principal purpose

VOs can change the classification and principal purpose by clicking on the field change classification and principal purpose, attach the newly amended statute and submit the application.

e) Request Certificate of Good Standing

VOs can request a certificate of good standing by clicking on the field request certificate of good standing.

f) Change the (Or add a) Representative Resident in Malta

VOs can change the details of (or add a) representative resident in Malta by clicking on Change the representative resident in Malta, update or add the details of the representative resident in Malta and submit the application. It is highly important that the person responsible from such updates will have the ID card and document number of the Representative Resident in Malta

g) Change or add the details of the Registration as Legal Person.

VOs can change the details or add the Registration as a Legal Person by clicking on Update Register as legal person, update or add the details of the LPF/ LPA number and attach the certificate issued by the Office of the Registrar for Legal Persons and submit the application.

Submission of Annual Returns and Annual Accounts

How does it work?

The system will send automatic reminders to remind VOs to submit the annual returns and annual accounts. The user must login using the representative ID, the VO number and the password.

When the users login, they can fill in the annual return and annual accounts. When the user fills the income field, the total income will be calculated by the system. Similarly, for the expenditure. The system will also calculate the excess of income over expenditure and the excess of expenditure over income and will check that this is the same as the movements of funds for year. If they do not tally, the applicant has to provide reasons.

The first reminder will be sent the month following the end of the financial year. The reminder will request the organisation to submit annual returns by the submission date. The second reminder will be sent two months after the end of the financial year. The reminder will request the organisation to submit annual returns by the submission date.

The first notice of breach will be sent on the day after the due submission date. The defaulting VO will be notified that annual returns and annual accounts submissions have not been effected and they will be notified of the actions they need to follow. The VO's status will appear as 'Not Compliant'.

Update on the Enrolment Application

In addition to the list of mandatory documents which currently includes amongst a number of other documents, the statute / deed, the list of current administrators, the declaration of no annual accounts or the annual administrative and annual financial report together with a scan copy of the signature and the resolution letter, this office is requesting also the Beneficial Owners Document.

In accordance with subsidiary legislation 16.16 of the Civil Code (Second Schedule) (Register of Beneficial Owners / Associations) Regulations, article 6 sub article 2, VOs shall not commence activities and, or be registered in accordance with the applicable special law unless the Registrar for Legal Persons is satisfied that the requirements of these regulations have been complied with.

The One-Stop Shop

The Ministry for Education and Employment embarked on a project to launch a one stop shop to offer services falling under its responsibility. With regards to this Office, the service offered by the one-stop shop is assistance given to VOs in filling in the enrolment application form.

To prepare for this launch, a training programme was prepared and delivered to one-stop shop officers. This office gave training to 40 officers on the online enrolment application form. Training was given also to the call centre officers working at CentreCom who will be assisting people through telephones. These officers are being assisted with a set of guidelines to give the best service to the public in General.

M-Services

The M-Services project is a new government incentive allowing websites of government and government entities to be accessible via mobile or tablet in both Maltese and English languages. Together with the Ministry of Education and Employment's Information Management Unit and this Office's web developer, the online enrolment application is now accessible to the public via mobile and tablet. The process to fill in the online enrolment application takes a bit longer when accessing the application through these gadgets because the applicant must have all the required documents either saved on the mobile or tablet. Otherwise the documents must be downloadable from Cloud or online drives such as One Drive and Google Drive.

Data Inputting

The Commissioner's Office embarked on a project to build an online profile of all enrolled VOs and an online register of VOs. Up to the end of 2018, 830 VOs are included in this online register. Work on the building of this online register is still ongoing. One can visit this register through the following link: <https://cvo.gov.mt/OrganisationSearch>

Once clicking on this link, the public can search by the:

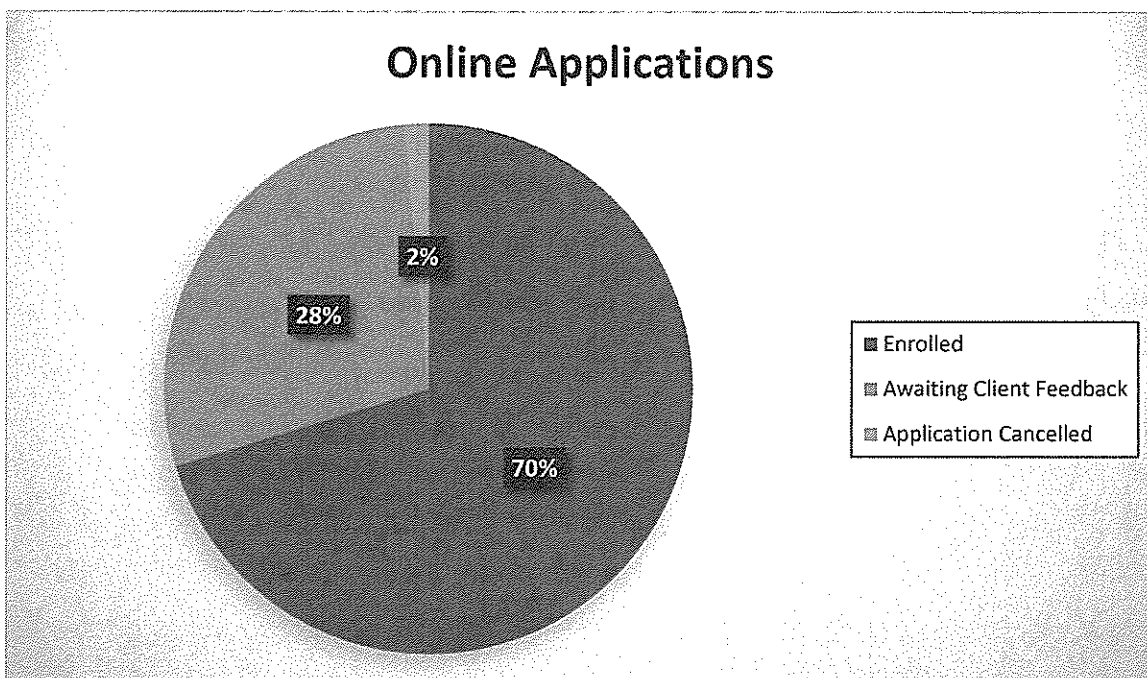
- VO number
- Organisation Name
- Organisation status (enrolled, not compliant, De-Registered, Winded Up)
- Organisation type (Association or foundation)
- Principal Purpose
- Classification
- Local or Foreign
- Income range
- The range of enrolment date.

These 830 profiles of VOs have the annual returns and annual accounts (or declaration of no annual returns and no annual accounts) submitted with the enrolment application together with the latest statute and the latest three consecutive submissions of annual returns and annual accounts. The full list of organisations enrolled with the Commissioner, can be downloaded through this link: https://education.gov.mt/en/vo_home/Pages/vo_list.aspx

Submissions of online enrolment applications

2018 was the year in which the Office of the Commissioner introduced the online enrolment application. This service replaced the manual submission and vetting of the enrolment applications. During the year, in total there were 134 enrolment applications submitted to this office. 96 of these applications were submitted online. The rest were either submitted by hand or by post. The reason is because during the online enrolment application was introduced during the second quarter of the year.

70 percent of the applications submitted online were successfully enrolled, 28 percent are still pending since this Office is awaiting client feedback and 2 percent decided to cancel their applications for enrolment with this Office.



7. Public Appearances

The Commissioner attended and took part in several events during the year. A selection is listed hereunder:

Seminar: Financial Management of VOs – Good Practices and Risk Mitigation

Voluntary Organisations, despite all the good work they do, can be vulnerable to various abuses, including money laundering and financing of terrorism. In order to educate and increase awareness amongst VOs to apply good practices to mitigate risks, a seminar was organised by the Office of the Commissioner for Voluntary Organisations and the Malta Council for the Voluntary Sector in collaboration with the Ministry for Finance. This seminar was held on the 25th September 2018 at the Aula Magna of the Old University of Malta. The Commissioner gave a presentation on the compliance of voluntary organisations with the Voluntary Organisations Act and its amendments and with the annual returns and annual accounts regulations. Other presentations were made on the risks VOs can face, the amendments to the Voluntary Organisations Act and how VOs could protect themselves against abuse. The very well attended seminar was also addressed by the chairperson of the National Coordinating body for Combatting of Money Laundering and Funding of Terrorism. The Minister for Finance, Hon. Edward Scicluna made the opening address and Hon. Minister Evarist Bartolo, Minister for Education and Employment made the closing address.

National Conference: Ten Years Supporting Voluntary Organisations

In 2018, the Malta Council for the Voluntary Sector celebrated its tenth-year anniversary of its foundation. For this occasion, it organised a National Conference entitled, 'Ten Years Supporting Voluntary Organisations' which was spread over two days on the 30th November and 1st December 2018. Various topics were discussed, including the National Strategy on Volunteering, Good Practices by VOs and the participation of young volunteers.

The Commissioner took part in a panel discussion where the impact of the amendments of the Voluntary Organisations Act on VOs was discussed.

National Volunteer Award 2018

The Commissioner attended The National Volunteer Award which was organised for the seventh consecutive time by the Malta Council for the Voluntary Sector. The Award was held under the patronage of H.E. the President Marie Louise Coleiro Preca and in the presence of the Hon. Dr. Clifton Grima, Parliamentary Secretary for Youth, Sport and Voluntary Organisations.

The aim of these awards is to give broad recognition to the service carried out by volunteers and VOs within the community, as they create awareness of the exemplary values displayed by the volunteers and organisations.

The award ceremony was held on the 5th of December 2018 at the Presidential Palace in Valletta. This year's National Volunteer Award was awarded to Ms. Marjoe Abela from the Malta Girl Guides. Three new awards were introduced this year, which were the Youth Volunteer Award, the Volunteer Organisation Award and the Special Award for Voluntary Work in the Community.

Towards the end of the event, H.E. the President Marie Louise Coleiro Preca, the Commissioner and other distinguished guests, were presented with a commemorative cancellation that was issued to commemorate the tenth anniversary of the founding of the Malta Council for the Voluntary Sector.

TV Interview

The Commissioner was interviewed on TVM programme Ras imb Ras by TVM journalist Mario Xuereb on the 18th December 2018. The interview mainly focused on the regulation of the voluntary sector, the Voluntary Organisations Act and its amendments.

Attendance to Voluntary Organisations' activities

The Commissioner attended activities organised by VOs. Amongst others, on the 12th June 2018, he was officially invited by Our Lady of the Lily Band Club of Mqabba to attend a vocal and instrumental concert, on the occasion of their feast, which was held under his patronage. This concert was organised to commemorate the twenty fifth anniversary of the foundation of the Band's youth section. The Commissioner made an address and was presented with a commemorative memento on the occasion.

The Commissioner was also invited by St. Philip Band Club AD 1851 to preside over two activities, one on the occasion of St. Philip Feast on the 4th June 2018 and the other one was the annual Christmas Function held on the 21st December 2018, where the Commissioner made an address.

8. FINANCIAL STATEMENT

The Office of the Commissioner is funded by the Government and covers all the CVO's operating and administration expenses together Legal Consultancy fees. The budget allocation excludes wages and salaries. The breakdown of the income and expenses is as follows:

Budget 2018	
Operational and Administrative Expenses	€23,032
Legal Advisers Fees	€2,200
Income:	
Enrolment Fees	€5,360