



# Annual Report 2023

Issued in accordance with article 25 of the Standards in Public Life Act

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Office of the Commissioner for Standards in Public Life  
11, St Paul Street, Valletta VLT 1210, Malta

[www.standardscommissioner.mt](http://www.standardscommissioner.mt)  
[office@standardscommissioner.mt](mailto:office@standardscommissioner.mt)  
+356 27 269 593

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# 1 Introduction

## 1.1 The Commissioner for Standards in Public Life

The Standards in Public Life Act of 2017 (chapter 570 of the laws of Malta) came into force on 30 October 2018. In terms of this Act the Commissioner for Standards in Public Life is appointed by the President of Malta on the basis of a parliamentary resolution. The Commissioner is appointed for a single term of five years.

The first Commissioner, Dr George Marius Hyzler, was appointed on 12 November 2018. He resigned on 30 September 2022 in order to take up the role of member of the European Court of Auditors, to which he had been nominated by the government of Malta. The office of Commissioner was still vacant at the start of 2023.

As originally enacted, the Standards in Public Life Act required the parliamentary resolution for the appointment of the Commissioner for Standards to have the backing of at least two thirds of all MPs. On 3 February 2023 the Act was amended by virtue of Act II of 2023 so that if a resolution for the Commissioner's appointment failed to get the necessary backing after two votes, the third vote would require a simple majority.

On 8 March 2023, Chief Justice Emeritus Dr Joseph Azzopardi was appointed Commissioner for Standards in Public Life following three votes in Parliament that were held in accordance with Act II of 2023.

## 1.2 The role of the Commissioner

The main functions of the Commissioner under the Standards in Public Life Act are the following:

- investigating the conduct of persons who are subject to the Act, either on his own initiative or on the basis of a complaint;
- examining declarations of assets and financial interests filed by persons who are subject to the Act; and
- making rulings, at the request of persons subject to the Act, on whether an action they propose to take would be contrary to their ethical obligations under the Act (“negative clearance”).

### **1.3 Who is subject to the Act?**

The Standards in Public Life Act applies to members of the House of Representatives (including ministers and parliamentary secretaries) and persons of trust. The Act defines the term “person of trust” to mean:

- persons who are engaged from outside the public administration to serve as consultants and staff in the private secretariats of ministers and parliamentary secretaries;
- persons engaged on trust to fill posts in the public administration that remain vacant following repeated public calls for applications; and
- any other persons engaged under article 6A of the Public Administration Act.

The Act obliges members of Parliament and persons of trust to observe rules of ethical conduct. The Act itself sets out two codes of ethics: one for members of Parliament, which appears as the first schedule of the Act, and one for ministers and parliamentary secretaries, which appears as the second schedule. Ministers and parliamentary secretaries are bound by both codes.

The Standards in Public Life Act does not include a code of ethics for persons of trust. Instead, it makes them subject to the code of ethics for public employees that appears in the Public Administration Act (chapter 595 of the laws of Malta), notwithstanding the fact that the Public Administration Act does not classify persons of trust as public employees.

### **1.4 Annual reports under the Act**

Article 25 of the Standards in Public Life Act states that *“The Commissioner shall at least annually or as frequently as he may deem expedient report to the House of Representatives on the performance of his functions under this Act. Each such report shall be submitted to the Speaker of the House of Representatives and the Speaker shall lay each such report before the House of Representatives at the first available opportunity.”*

This report has been prepared for the purposes of article 25 of the Act. It covers the activities of the Commissioner and his office during 2023.

# 2 Complaints and Investigations

## 2.1 The Commissioner's investigative role

The Commissioner for Standards in Public Life can consider whether **members of Parliament**, including **ministers and parliamentary secretaries**, have:

- acted in breach of the law;
- acted in breach of any ethical or other duty set out by law, including the applicable code of ethics in the Standards in Public Life Act; or
- exercised discretionary powers in a way that constitutes an abuse of power.

The Commissioner can consider whether **persons of trust** have broken the code of ethics set out in the Public Administration Act.

The Commissioner can start an investigation on his own initiative or on receipt of a complaint. Any person can submit a complaint to the Commissioner. Complainants do not need to be personally affected by the matter they complain about.

However, the Standards Commissioner cannot investigate cases that occurred before 30 October 2018 – the date on which the Standards in Public Life Act came into force. Nor can he investigate a complaint if it is made more than thirty working days after the complainant came to know of the actions giving rise to the complaint, or more than one year from when those actions occurred (whichever date is earlier).

Furthermore, the Commissioner cannot investigate cases that are the subject of legal proceedings or that are already under investigation by the police.

## 2.2 How the Commissioner handles complaints

The first step the Commissioner takes on receiving a complaint is to carry out a preliminary review to determine whether it can be investigated under the Act. In many cases this can be determined immediately. In other cases preliminary inquiries may need to be made: for instance, to find out whether the alleged misconduct can be attributed to a person who is subject to the Act.

If the Commissioner decides that a complaint should not be investigated or should cease to be investigated under the Act, he will inform the complainant accordingly and give reasons for his decision.

If the Commissioner decides to investigate a complaint, he will open an investigation. The Commissioner has the power to demand the production of documents. He can also summon witnesses to give evidence unless, by doing so, they would expose themselves to criminal prosecution. The Act sets out penalties for persons who refuse to cooperate with the Commissioner in the course of an investigation.

If the Commissioner finds from his investigation that a *prima facie* breach of ethics or breach of a statutory duty has occurred, he can follow one of two avenues. The first is to report his opinion to Parliament's Standing Committee for Standards in Public Life. This body is made up of two members of Parliament from the government side and two from the opposition, and it is chaired by the Speaker. If the Committee agrees with the Commissioner's findings, it can take remedial action as contemplated in the Act.

Alternatively, if the Commissioner finds that the breach was not of a serious nature, he can grant the person investigated a time limit within which to remedy the breach, for instance by making an apology. The Commissioner will close the case if the remedy is carried out to his satisfaction. This option, which emerges from article 22(5) of the Act, enables cases to be concluded more quickly than if they are referred to Parliament's Standards Committee.

The Commissioner can also refer cases to the police or the Attorney General if it appears to him that crimes or corrupt practices have been committed. In addition, the Commissioner can refer cases to other authorities if he considers this appropriate.

### **2.3 Publication of reports by the Commissioner**

On 2 April 2019 the Standards Committee agreed, on the basis of a memorandum prepared by the Commissioner, that:

- if the Commissioner decides that a complaint does not merit investigation, he should inform the complainant accordingly but should not publicise his decision to this effect;
- if the Commissioner investigates a complaint but finds no breach of ethics, he should prepare a report on the case which he should forward to the complainant and the person investigated, and which he may also publish;
- if the Commissioner finds a breach of ethics but closes the case under article 22(5) of the Act, he may publish his case report in addition to forwarding it to the complainant and the person investigated;
- if the Commissioner finds a breach of ethics and refers the case to the Committee for its own consideration, it is up to the Committee to decide on the publication of the case report. In this case the Commissioner should simply inform the complainant as well as the person investigated that he has concluded his report and submitted it to the Committee. The Commissioner should not give them a copy of the case report.



It is the Commissioner’s policy that where he is empowered to publish a case report, he should as a general rule do so in order to be as transparent as possible. However, he reserves the right not to publish a report or to publish it in redacted form if he considers this necessary in the circumstances of a particular case.

All published case reports can be downloaded from the Commissioner’s official website at <https://standardscommissioner.mt/case-reports/>.<sup>1</sup>

## 2.4 Complaints

### 2.4.1 Status of complaints

The Office of the Commissioner received 172 complaints over the period from 30 October 2018 (when the Standards in Public Life Act came into force) to 31 December 2023. The status of these complaints as on 31 December 2023 is shown in Table 1.

**Table 1: Complaints received, resolved and pending as on 31 December 2023**

Complaints received		<b>172</b>
Complaints closed		<b>145</b>
Of which:	Not investigated/not investigated further	95
	Withdrawn by complainant	1
	Investigated and concluded	49
Complaints pending		<b>27</b>
Of which:	Under/awaiting preliminary review	16
	Under investigation	11
	Investigation suspended	–

### 2.4.2 Status of complaints 2022–2023

Table 2 below gives a breakdown of the same data for the year under review, along with the preceding year for comparative purposes. The year under review has been broken down into the period preceding and following the appointment of the current Commissioner since this gives a more accurate picture of his activities.

All investigations still not concluded on 31 December 2022 and 7 March 2023 (the eve of the current Commissioner’s appointment) are shown as suspended in Table 2 since there was no Commissioner at this time. During this period, staff in the Office of the Commissioner registered and acknowledged new complaints, but they did not carry out

<sup>1</sup> The Commissioner’s official website, formerly at [www.standardscommissioner.com](http://www.standardscommissioner.com), has moved to [www.standardscommissioner.mt](https://standardscommissioner.mt).

any investigative work because they were not authorised to do so in the absence of a Commissioner.

There were 27 pending complaints on 7 March 2023. Between 8 March and 31 December 2023, a further 27 complaints were received. During this period the Commissioner closed 27 complaints, meaning that the number of pending complaints on 31 December 2023 was the same as on 7 March 2023.

**Table 2: Complaints received, resolved and pending, 2022–2023**

	<i>1 Jan to 31 Dec 2022</i>	<i>1 Jan to 7 Mar 2023</i>	<i>8 Mar to 31 Dec 2023</i>
Complaints outstanding at start of period	18	19	27
New complaints received	26	8	27
Total number of outstanding and new complaints	<b>44</b>	<b>27</b>	<b>54</b>
Complaints closed	<b>25</b>	<b>–</b>	<b>27</b>
Of which: Not investigated/further	20	–	20
Withdrawn by complainant	–	–	–
Investigated and concluded	5	–	7
Complaints pending at end of period	<b>19</b>	<b>27</b>	<b>27</b>
Of which: Under/awaiting preliminary review	9	17	16
Under investigation	–	–	11
Investigation suspended	10	10	–

### **2.4.3 Complaints not investigated or not investigated further**

Table 3 indicates on what grounds the Commissioner decided that particular complaints should not be investigated or not investigated further during 2023, with comparative data for the preceding two years.

**Table 3: Reasons why complaints were not investigated or not investigated further**

<i>Reason</i>	<i>2021</i>	<i>2022</i>	<i>2023</i>
Complaint concerned a person not subject to the Act	6	5	8
Complaint concerned actions that did not amount to misconduct in terms of the Act	11	2	8
Complaint was time-barred	3	1	1
Complainant was anonymous	1	1	–
Complaint was trivial	1	1	1
Complaint fell within the remit of another authority	2	7	1
More than one reason	1	3	1
Total number of complaints not investigated/further	<b>25</b>	<b>20</b>	<b>20</b>

The most important reasons why complaints were not investigated or not investigated further during 2023 are because they concerned persons who were not subject to the Standards in Public Life Act, or they concerned actions that did not amount to misconduct in terms of the Act.

Examples of persons who were the subject of complaints but did not fall under the Act include local councillors; members of government boards; the chief executive officer of a public entity; the head of a “specialised unit” (a body established under article 9 of the Public Administration Act); and an arbiter with the Consumer Claims Tribunal.

In some of these cases the complainant may have been under the impression that the subject of his or her complaint was a person of trust as defined by the Standards in Public Life Act. The term “person of trust” is commonly understood as including any political appointee. However, the definition in the Act (see section 1.3 of this annual report) is much more limited. A guidance note issued by the Office of the Commissioner goes into more detail on this subject.<sup>2</sup>

Complaints may concern actions that are regarded as objectionable by the complainant but do not amount to a breach of ethics. Alternatively, complaints may prove to be factually unfounded, meaning that the alleged actions did not in fact take place. Complaints dismissed by the Commissioner for either reason are listed in Table 3 as complaints concerning actions that did not amount to misconduct in terms of the Act.

## 2.5 Investigations

### 2.5.1 Investigations concluded, 2018–2023

Table 4 summarises the outcome of all investigations concluded between 30 October 2018 and 31 December 2023.

**Table 4: Outcome of investigations – totals, 31 December 2023**

<i>Outcome</i>	<i>Number of investigations</i>	<i>Corresponding no. of complaints</i>
Case referred to Parliament’s Standards Committee	8	9
Case referred to other authorities	–	–
Case resolved by the Commissioner	12	15
Case report dealt with practices rather than individuals	3	3
Investigation was inconclusive	3	3
No misconduct found	16	19
<b>Total number of investigations concluded</b>	<b>42</b>	<b>49</b>

<sup>2</sup> Available in Maltese and English from <https://standardscommissioner.mt/other-documents/>.

As Table 4 shows, the number of investigations does not necessarily correspond to the number of complaints investigated. The Commissioner might receive more than one complaint about the same matter, in which case he would open a single investigation covering all related complaints. This has happened in a number of instances over the years.

Conversely, the Commissioner might start an investigation on his own initiative, that is to say in the absence of a complaint. The previous Commissioner undertook two investigations on his own initiative. In each case, however, he received a complaint about the same matter shortly after starting his investigation. For this reason, own-initiative investigations did not contribute to the divergence between the number of investigations and the number of complaints as shown in Table 4.

The current Commissioner started one investigation on his own initiative during 2023. This investigation is still under way, so it does not appear in Table 4.

### **2.5.2 Investigations concluded during 2023**

Table 5 presents the outcome of investigations concluded during 2023, with comparative data for the previous two years.

**Table 5: Outcome of investigations, 2020–2023**

(Corresponding number of complaints shown in brackets)

<i>Outcome</i>	<i>2021</i>	<i>2022</i>	<i>2023</i>
Case referred to Parliament’s Standards Committee	4 (5)	1 (1)	1 (1)
Case referred to other authorities	–	–	–
Case resolved by the Commissioner	1 (1)	1 (2)	3 (5)
Case report dealt with practices rather than individuals	–	–	–
Investigation was inconclusive	–	1 (1)	–
No misconduct found	6 (8)	1 (1)	1 (1)
<b>Total number of investigations concluded</b>	<b>11 (14)</b>	<b>4 (5)</b>	<b>5 (7)</b>

As the table shows, the Commissioner concluded five investigations during 2023, corresponding to seven complaints. Four of these five investigations resulted in a finding that misconduct had occurred. The Commissioner resolved three of these cases under article 22(5) of the Act and referred the other to the Standards Committee.

# 3 Selected Issues Arising from Cases

## 3.1 Personal publicity by ministers

Two of the cases investigated by the Commissioner during 2023 concerned allegations that a minister or parliamentary secretary was using public funds for personal publicity.

One of these cases concerned a post on the official Facebook page of a government ministry which featured an image of the minister with text superimposed on it. The text was prefaced by quote marks, indicating that it was a quote from the minister. The post was a sponsored post, meaning that the ministry paid money to boost its circulation among the users of Facebook.

In considering this case the Commissioner referred to guidelines on government advertising and promotional material that his predecessor had issued on 2 August 2021.<sup>3</sup> These guidelines stated that advertisements should not include the names or photographs of ministers. The guidelines defined the term “advertisement” to include boosted or sponsored posts on social media.

On this basis the Commissioner concluded that this case represented a breach of the ministerial code of ethics. In his case report he stated as follows:

*24. If a minister appears in an advertisement publicising a government initiative, this suggests that the minister is seeking personal or political benefit by taking the credit for that initiative in the eyes of the public. This represents an abuse of public funds, albeit a very small sum in this case; a lack of separation between the roles of minister and member of Parliament; and a lack of respect for the impartiality of the public service, since administrative procedures require officials in the public service to approve payments for the advertisement in question.*

*25. It is for this reason that the guidelines of 2 August 2021 prohibit the use of ministers’ photographs or names in publicly-funded official advertisements.<sup>4</sup>*

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<sup>3</sup> Available at <https://standardscommissioner.mt/wp-content/uploads/guidelines-government-advertising-promotional-material.pdf>.

<sup>4</sup> Report on case K/045 (14 April 2023).

Since the cost of the sponsored post amounted to just €84, the Commissioner took the view that the case could be resolved under article 22(5) of the Standards in Public Life Act. This provision empowers the Commissioner to close a case himself if the breach of ethics is not serious and it is remedied to his satisfaction. Accordingly, he proposed that the minister should submit a written apology and a commitment to avoid such breaches in future. The minister did so, and in addition he refunded the cost of the sponsored post on his own initiative. The Commissioner closed the case on this basis.

The second case concerned an email circulated by a parliamentary secretary to employees of her ministry in order to promote an event that she was organising for them. A graphic promoting the event was attached to the email. The graphic featured the parliamentary secretary's name in the form of a logo that was associated with her political and constituency activities. This suggested that ministry employees were being invited to a political event.

In addition, the event was allegedly being organised with the help of private-sector operators who were regulated by the ministry. This raised concerns that the parliamentary secretary had placed herself in a conflict of interest since she was responsible for the regulation of those operators.

The Commissioner found that the event was an official team-building activity for ministry staff, not a political event, and inputs to the event from private-sector operators were miniscule. He therefore dismissed the charge that the parliamentary secretary had placed herself in a conflict of interest. However, the issue of her personal logo remained.

In correspondence with the Commissioner, the parliamentary secretary acknowledged that she should not have used the logo that was associated with her political events. However, this appeared to suggest that she could have avoided the issue by adding her name to the graphic for the team-building event in the form of a different logo. The Commissioner did not accept this. He informed the parliamentary secretary that if her name appeared in publicity for an official event, this would suggest that she was trying to take personal credit for that event. Such a situation should be avoided.

The Commissioner regarded this case too as one that could be closed under article 22(5) of the Standards in Public Life Act. Accordingly, he sought and obtained an apology from the parliamentary secretary, and he closed the case on this basis.

## **3.2 Replies to parliamentary questions**

A complaint considered by the Commissioner during 2023 concerned the truthfulness of replies given by a minister to parliamentary questions. In considering this case, the Commissioner took note of a decision taken by the previous Commissioner in 2021 with respect to a complaint that a minister had given an unsatisfactory reply to a parliamentary question. In that case the Speaker had already been requested to give a ruling in Parliament on the minister's reply, but he had concluded that he did not have the power to intervene.

In spite of this, the previous Commissioner had decided that he should not investigate the 2021 complaint because parliamentary questions were regulated by Parliament's Standing Orders, and it was up to the Speaker to interpret them. If the Speaker felt that he did not have the power to intervene in the case, this could possibly be considered a lacuna in the Standing Orders, but it did not represent grounds for the Commissioner to decide on a matter that fell under the direct authority of the Speaker.<sup>5</sup>

The current Commissioner noted that the code of ethics for ministers obliged them to give correct information to Parliament, and the Speaker himself had recognised in a recent ruling that it was up to the Commissioner to enforce this code. This raised the possibility that both the Commissioner and the Speaker might refrain from considering a particular case so as to avoid intruding in each other's jurisdiction. The Commissioner felt that such a situation was to be avoided.

The Commissioner noted, however, that in actual fact there was a recent instance in which the Speaker had instructed a minister to correct his reply to a parliamentary question. This indicated that the Speaker did have the power to take action in cases where ministers gave incorrect replies. For this reason the Commissioner took the view that he should observe the precedent set by the previous Commissioner, and on this basis he decided that he should not investigate the complaint.

### **3.3 Use of ministerial vehicles**

The Commissioner considered a complaint against a parliamentary secretary who had used his government-provided car on a private holiday abroad. The Commissioner found that there were no rules governing the use of government-provided cars, and it was common practice for senior government officials to use such cars for all intents and purposes as if they were their own personal vehicles.

The Commissioner also noted that, according to the leasing contract for the car in question, the user was required to obtain additional insurance to cover the use of the car abroad. This additional insurance had been paid by the parliamentary secretary out of his own pocket.

On this basis the Commissioner dismissed the complaint. However, he recommended that guidelines on the use of government-provided cars should be drawn up and made public. He referred this recommendation for the attention of the Ministry for Finance.

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<sup>5</sup> See pp. 21–22 of the Commissioner's annual report for 2021, available from <https://standardscommissioner.mt/wp-content/uploads/annual-report-2021.pdf>.

### 3.4 A time-barred complaint

According to article 14(2) of the Standards in Public Life Act, a complaint must be submitted to the Commissioner not more than a year after the occurrence of the actions that are the subject of the complaint, and not more than thirty working days after the complainant gets to know of those actions. If any one of these timeframes is exceeded, the complaint is time-barred and the Commissioner cannot investigate it. This provision of the law is binding and cannot be set aside by the Commissioner.

During 2023 the Commissioner dismissed a single complaint for the sole reason that it was time-barred. In accordance with his normal practice, the Commissioner communicated his decision to both the complainant and the member of Parliament who was the subject of the complaint.

The MP in question then made a public statement that the Commissioner had ceased to investigate the complaint against her and the case was now closed. She refrained from saying that the Commissioner had dismissed the complaint because it was time-barred, thus giving the impression that the complaint was unfounded. Needless to say, the dismissal of a complaint because it is time-barred does not reflect on its merits.

It is worth noting that when the Standards in Public Life Act was presented to Parliament as a bill in 2014, it included much less restrictive timeframes for complaints. Clause 14(2) of the bill required a complaint to be presented not later than two years after the complainant got to know of the actions that were the subject of the complaint. This timeframe could be waived by the Commissioner if, in his opinion, there were special circumstances that justified the waiver. This was subject to a provision stating that the Commissioner could not investigate actions that occurred before the Act came into force.<sup>6</sup>

The bill was discussed in detail by Parliament's Consideration of Bills Committee on 13 February 2017. It was at this stage that clause 14(2) was changed to its current form. The members of the Committee approved the amendment unanimously, with no discussion.<sup>7</sup> For this reason it is not possible to know what considerations led to the introduction of the current timeframes.

The timeframes for complaints are one of several aspects of the Standards in Public Life Act that were addressed by the Organisation for Economic Cooperation and Development (OECD) as part of its review of Malta's public integrity framework. The OECD recommended that the timeframes should be extended. See chapter 5 of this annual report for more information about the OECD review.

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<sup>6</sup> See Bill 63 of 2014, available at <https://www.parliament.mt/media/37244/bill-63-standards-in-public-life-bill.pdf>.

<sup>7</sup> A transcript of the Consideration of Bills Committee meeting of 13 February 2017 is available at [https://www.parliament.mt/media/90938/20170213\\_132d\\_kun.docx](https://www.parliament.mt/media/90938/20170213_132d_kun.docx).



Another issue emerging from this case concerns the non-publication of decisions by the Commissioner not to investigate or to cease investigating complaints. As noted in section 2.3 of this annual report, such decisions are not published by virtue of a ruling by Parliament's Standards Committee. When the Commissioner decides that a complaint does not warrant investigation or further investigation, he can only forward his decision to the complainant and the person who is the subject of the complaint.

The Committee's ruling does not bind the complainant or the person who is the subject of the complaint, so they are free to publicise the Commissioner's decision for themselves. The fact that the Commissioner cannot publish his decision opens the way for them to misrepresent the decision, as in fact some of them did. This issue was the subject of a recommendation by the Commissioner to the Committee that is further discussed in chapter 5.

## **3.5 Persons of trust**

### ***3.5.1 Persons of trust and politically exposed persons***

Another complaint considered by the Commissioner in 2023 concerned the chairperson of a government board and the chief executive of a public authority. The Commissioner concluded that he could not investigate the complaint because neither individual was a person of trust as defined in the Standards in Public Life Act. He informed the complainant accordingly.

In his complaint, the complainant described both individuals as politically exposed persons (PEPs). When he received the Commissioner's decision, he circulated a statement to the media saying that the Commissioner had concluded that neither individual was a PEP. The statement was duly reported in the media.

However, this was a misinterpretation of the Commissioner's decision. Politically exposed persons are not the same as persons of trust, and indeed few persons of trust as defined in the Act are PEPs. The term "politically exposed person" emerges from the legislation on money laundering, and it is not up to the Commissioner to interpret this legislation.

The Office of the Commissioner contacted various media outlets to explain this point and to request them to correct their initial reports on this case, and it is able to record with appreciation that the media outlets promptly did so.

There is no doubting the complainant's good intentions in this case. All the same this case, like that discussed in section 3.4 of this annual report, shows how misconceptions may arise because the Commissioner is unable to publish decisions not to investigate complaints.

### **3.5.2 Heads of specialised units**

The Commissioner considered a complaint against the head of a “specialised unit” established under article 9 of the Public Administration Act. Regulations issued under the same Act<sup>8</sup> envisage specialised units as bodies set up within ministries to carry out tasks that have a specific duration. The regulations state that the staff of a specialised unit should consist of public officers (government employees) assigned to the unit by the Prime Minister, whereas its head should be appointed by the minister responsible for the unit.

The minister must ensure that the head of the unit has suitable qualifications or experience, but there is no obligation to choose the head on merit following a call for applications. The heads of specialised units can thus be considered political appointees. All the same, they are not persons of trust as defined in the Standards in Public Life Act.

The Commissioner therefore concluded that he could not investigate the complaint. Nevertheless, he noted two points of concern:

- it was not clear that the heads of specialised units were appointed in a manner compatible with article 110(1) of the Constitution of Malta, which deals with the appointment and discipline of public officers;
- it was not clear what disciplinary procedures would apply in the event of any misconduct by the head of a specialised unit.

The Commissioner stated that it was important for this ambiguity to be resolved in a manner that was compatible with the Constitution and the principle of accountability in public administration. The Commissioner referred his decision on this complaint to the Public Service Commission on account of these considerations.

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<sup>8</sup> The Organisation, Administration and Operation of Specialised Units Regulations (SL 595.43).

# 4 Other Functions Arising from the Act

## 4.1 Review of annual declarations of assets by MPs and ministers

Article 13(1)(a) of the Standards in Public Life Act tasks the Commissioner for Standards in Public Life with examining and verifying declarations relating to assets and financial interests by persons subject to the Act. Members of Parliament are obliged to make such declarations on an annual basis. Declarations are made in the spring of each year setting out the position as on 31 December of the previous year.

Every minister and parliamentary secretary makes another declaration of assets that is separate from his or her declaration as an MP. The declaration form for ministers and parliamentary secretaries requires much the same information as the form for MPs. The main differences between the forms are as follows:

- ministers and parliamentary secretaries are required to state their annual income;
- MPs are required to provide details of their employment or profession outside Parliament (although they do not have to say how much they earn).

MPs submit their declaration forms to the Speaker. These forms are not made public. Individuals can ask the Speaker for access to the forms, but they do not have the right to make or be given copies. Copies of the forms are, however, forwarded by the Speaker to the Commissioner for Standards under confidential cover for verification purposes in terms of article 13(1)(a) of the Act.

Ministers and parliamentary secretaries present their declaration forms to the Cabinet Secretary. These forms are subsequently laid on the table of the House of Representatives, as a result of which they become available online.

During 2023 the Commissioner for Standards did not conduct any examinations of declarations under article 13(1)(a). The Commissioner and his staff concentrated on the consideration of complaints with a view to containing the backlog of complaints that had built up during the five-month period from October 2022 to March 2023, when there was no Commissioner.

In the second half of 2023 the Commissioner issued a public call for applications for an Investigator to strengthen the capacity of his office and pave the way for a renewed focus on the examination of declarations during 2024.

## 4.2 Negative clearance

Under article 13(1)(c) of the Standards in Public Life Act, any person to whom the Act applies can ask the Commissioner whether an action that he or she proposes to take would constitute misconduct. If the Commissioner rules that the action is permissible, the person who has requested the ruling cannot be charged with misconduct for taking that action. The Act refers to this procedure as negative clearance.

During 2023 the Commissioner received one request for negative clearance. The request came from a member of Parliament who was completing his annual declaration of assets for the previous year. The MP wished to know:

- whether he was obliged to list shares in a company that he held indirectly through a partnership in which he was a member; and
- whether he was required to declare a promise of sale for a property that he was in the process of buying, but respecting which the contract of sale was only signed in 2023.

The Commissioner replied stating that the current declaration form required MPs to declare shares held directly by them, not by other entities in which they held a stake. He also stated that the property bought by the MP did not have to be included in his declaration of assets for 2022 since the transfer of ownership only took place in 2023.

The Commissioner therefore stated that neither asset needed to be declared. However, he reserved the right to seek information about these assets should the need arise while verifying declarations of assets under article 13(1)(a) of the Standards in Public Life Act.

# 5 Other Activities

## 5.1 EU-funded project to improve Malta's integrity framework

During 2023 the project entitled “Improving the Integrity and Transparency Framework in Malta” was concluded. The project was carried out by the Organisation for Economic Cooperation and Development (OECD) at the request of the Commissioner for Standards, with funding from the European Commission’s Technical Support Instrument. The project had been launched in September 2021.

### 5.1.1 Field visits to Malta

During 2023 the OECD project team held two field visits to Malta, on 17–19 April and 30 May–1 June. During the April visit, the project team held consultation meetings with the Project Advisory Group and the project’s technical working groups on asset declarations and lobbying. In addition, the OECD project team held bilateral meetings with the Speaker and Parliament’s Standards Committee, as well as various senior government officials.

During the May/June visit, the following events took place:

- a workshop on the regulation of lobbying, with inputs from the Lobbying Commissioner of Quebec (Canada); the French High Authority for Transparency in Public Life; and the Ethics Commission of Lithuania: this was attended by the Standards Commissioner, his staff, and various government stakeholders;
- a further workshop on technical aspects relating to registration systems for lobbyists, with inputs from the same bodies: this was attended by the Commissioner and his staff;
- a workshop on asset and interest declaration systems, with inputs from the Ethics Commission of Lithuania and the National Integrity Agency of Romania: this was attended by the Commissioner for Standards, staff from his office, and various stakeholders in government and the private sector;
- an additional workshop on lessons learned in Lithuania and Romania concerning asset and interest declarations: this was attended by the Commissioner for Standards and his staff; and
- a “train the trainers” workshop on ethics training for the Commissioner and staff.



*The Commissioner (centre), members of staff, members of the OECD project team and participants during the OECD's field visit to Malta of 17–19 April 2023.*

In addition, the OECD project team again met the Speaker and members of Parliament's Standards Committee. During this meeting the project team presented, for the consideration of the Committee, revised draft codes of ethics for MPs and ministers and supplementary handbooks on ethics for MPs and ministers. These had been prepared on the basis of recommendations issued by the OECD in 2022.

### **5.1.2 Publication of a report on asset and interest declarations**

On 27 October 2023 the OECD issued a report on the system of asset and interest declarations in Malta.<sup>9</sup> Among other things, this report proposed that the requirement to declare one's assets should apply to certain persons of trust in addition to ministers and MPs, and that declarations should include more information. In addition, declarations should be submitted directly to the Commissioner for Standards by means of an electronic system. The report also proposed that there should be a formalised system for the declaration of conflicts of interest (for instance, if a member of Parliament had an interest in legislation before the House). These declarations should be separate from asset declarations.

This was the fifth and final report prepared by the OECD as part of the project. The previous four reports, all presented in 2022, dealt with the operations of the Commissioner

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<sup>9</sup> Available from [https://one.oecd.org/document/GOV/PGC/INT\(2023\)12/FINAL/en/pdf](https://one.oecd.org/document/GOV/PGC/INT(2023)12/FINAL/en/pdf).

for Standards in Public Life; the Standards in Public Life Act; the regulation of lobbying; and the codes of ethics for ministers and MPs.

### **5.1.3 Recommendation by the Commissioner on asset and interest declarations**

On 3 November 2023 the Commissioner forwarded the OECD report on asset and interest declarations to the Prime Minister. The report was accompanied by a letter in which the Commissioner formally recommended, under article 13(1)(g) of the Standards in Public Life Act, that the government should implement the proposals in the report.<sup>10</sup> Article 13(1)(g) of the Act empowers the Commissioner “to make recommendations for the improvement of any Code of Ethics applicable to persons who are subject to this Act”.

This was the third formal recommendation to the Prime Minister to emerge from the OECD project. On 11 July 2022 the previous Commissioner had recommended, under article 13(1)(f) of the Act, that the government should implement the OECD’s proposals for the enactment of a law to regulate lobbying. On 27 September 2022 he recommended under article 13(1)(g) that the codes of ethics for ministers and MPs should be revised and strengthened as proposed in the relevant OECD report.

All three recommendations remain outstanding.

### **5.1.4 Closing event and final consolidated report**

On 27 October 2023 the office of the Commissioner for Standards organised an event entitled “Standards in Public Life: Malta Forum 2023” at the Phoenicia Hotel. Its purpose was to launch a final OECD report and to bring the project to a formal close.

The final report, entitled *Public Integrity in Malta: Improving the Integrity and Transparency Framework for Elected and Appointed Officials*,<sup>11</sup> is a 224-page document combining the five reports previously issued by the OECD under the project. It also includes an appendix on technical specifications for a system to register lobbyists and lobbying activities. This report represents a blueprint for the improvement of Malta’s public integrity framework in the light of international experience.

The forum to close the project was addressed by Chief Justice Emeritus Joseph Azzopardi, Commissioner for Standards; János Bertók, Deputy Director of the OECD’s Public Governance Directorate; Carissa Munro, Policy Analyst with the OECD; and Dr Jonathan Attard, Minister for Justice. The forum was also addressed via video link by Daniele Dotto, Deputy Director at the European Commission’s Directorate-General for Structural Reform Support; and Kathryn Stone OBE, former Parliamentary Commissioner for Standards in the United Kingdom.

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<sup>10</sup> See <https://standardscommissioner.mt/wp-content/uploads/Letter-to-PM-2023-11-03.pdf>.

<sup>11</sup> Available from <https://www.oecd.org/countries/malta/public-integrity-in-malta-0ecc469e-en.htm>.



*The closing event of 27 October 2023.*



*Speakers during the closing event. Left to right: Commissioner Joseph Azzopardi; János Bertók, OECD; Carissa Munro, OECD; and Minister Jonathan Attard.*



## 5.2 Proposal to publish decisions not to investigate complaints

Sections 3.4 and 3.5 of this annual report discuss cases in which the Commissioner's decision not to investigate a complaint was misinterpreted by one of the parties. This was possible because the Commissioner cannot publish decisions not to investigate complaints.

On 15 June 2023 the Commissioner wrote to Parliament's Standards Committee proposing that he should have the authority to publish decisions not to investigate.<sup>12</sup> The Commissioner observed that the rationale behind non-publication was to avoid publicising allegations against individuals once the Commissioner had decided not to investigate those allegations. However, he stated that in many cases complaints were based on media reports, or else complainants themselves publicised their complaints, meaning that the allegations entered the public domain anyway. In such cases there was no longer a rationale for the non-publication of the Commissioner's decision not to investigate.

The Commissioner also pointed out that the complainant and the subject of the complaint did not fall under the authority of the Standards Committee, so they were free to publicise the decision themselves. However, if a decision merited publication, this should be done in an official manner by the Commissioner and it should not depend on the actions of third parties. Furthermore, unless decisions were published by the Commissioner there was nothing to prevent the third parties from misinterpreting or misrepresenting those decisions.

The Commissioner therefore proposed that he should have the power to publish decisions not to investigate complaints where he felt that publication was justified in the circumstances and it would not be detrimental to the persons who were the subject of the complaints.

On 5 December 2023 the Commissioner wrote again to the Committee stating that his previous letter had been pending before it for more than five months.<sup>13</sup> The Commissioner requested the Committee to give its early consideration to the matter.

However, this matter remains pending before the Committee.

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<sup>12</sup> See <https://standardscommissioner.mt/wp-content/uploads/Letter-to-Speaker-2023-06-15.pdf>.

<sup>13</sup> See <https://standardscommissioner.mt/wp-content/uploads/Letter-to-Speaker-2023-12-05.pdf>.

### 5.3 Recommendation to add rules on advertising to the ministerial code of ethics

On 28 June 2023 Parliament's Standards Committee decided not to adopt a case report which had been presented to it in June 2022 by the then-Commissioner.

The case in question concerned a series of government advertisements appearing in a supplement to the weekly newspaper *KullHadd*. On the basis of the guidelines on government advertising that he had issued in August 2021, the then-Commissioner concluded that these advertisements represented a breach of ethics.<sup>14</sup> However, the Standards Committee rejected the Commissioner's conclusions on the grounds that the guidelines had no legal standing.

The current Commissioner had assumed office by the time the Standards Committee decided on the case, and he wrote to the Committee on 18 July 2023.<sup>15</sup> He pointed out that the previous Commissioner had developed the guidelines as a result of an earlier case involving a government advertisement. In that case the Committee had been unable to come to a decision on the basis of the ministerial code of ethics alone, and the Speaker had called for the development of guidelines on advertising.

In his letter the current Commissioner also noted that the guidelines did not constitute new ethical rules in their own right. They were intended only as an indication of how the existing ministerial code of ethics should be applied in cases involving publicly-funded advertisements or promotional material. The Commissioner expressed the view that the Committee was taking an excessively legalistic approach to alleged breaches of ethics, and he raised the concern that as a result of the Committee's decision of 28 June 2023 it would no longer be possible to take action against breaches of ethics involving government advertisements or promotional material.

The Commissioner made a formal recommendation under article 13(1)(g) of the Standards in Public Life Act that the guidelines should be recast as rules and incorporated in the code of ethics for ministers, which is appended to the Act. This would give the guidelines a legal basis and eliminate any doubts about their validity. This recommendation was addressed to the Standards Committee since, according to article 3(4) of the Act, it is up to the Committee to take the first step in the process leading to amendments to the code of ethics.

This matter too remains pending before the Committee.

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<sup>14</sup> See report on case K/041, issued on 1 June 2022 and accessible from <https://standardscommissioner.mt/wp-content/uploads/Commissioner-for-Standards-case-report-K041.pdf>.

<sup>15</sup> See <https://standardscommissioner.mt/wp-content/uploads/recommendation-to-speaker-2023-07-18.pdf>.

# 6 Resourcing and Logistics

## 6.1 Staffing

At the start of 2023 the Office of the Commissioner for Standards in Public Life consisted of four serving members of staff: the Director General, an Investigator, an Office Manager and a Driver.

A fifth member of staff was on long-term unpaid leave to serve as a member of the *cabinet* of former Standards Commissioner Dr George Hyzler in his capacity as member of the European Court of Auditors. This leave had been granted with reference to section 5.2 of the government's Manual on Special Leaves, which the Office of the Commissioner had adopted for potential application to its own staff.

On his appointment in March 2023, the current Commissioner engaged the services of an experienced and highly qualified lawyer as Legal Consultant.

On 16 August 2023 the Office of the Commissioner engaged a Senior Clerk by secondment from the public service, bringing the number of serving employees to five.

In addition, on 31 August 2023 a call for applications was issued for a second Investigator. However, the vacancy had not yet been filled by the end of 2023.

## 6.2 Funding

The financial plan for 2023, as submitted by the previous Commissioner to Parliament in September 2022, provided for a total of €762,230 in expenditure for the year, consisting of €365,640 in personal emoluments and €396,590 in operational and maintenance expenses. This amount was to be part-financed by the Office of the Commissioner from accumulated funds to the tune of €312,230, meaning that the Office required only €450,000 in funding from the national budget for 2023. The latter sum was duly included by the government in its budgetary estimates for 2023.

Actual expenditure by the Office of the Commissioner during 2023 amounted to €424,335. The difference between actual and projected expenditure arose primarily from the following factors:

- The post of Commissioner for Standards remained vacant up to 8 March 2023.
- The financial plan for 2023 provided for the filling of two vacant posts. As already noted, however, one of these posts was only filled in August 2023 while the other

remained vacant up to the end of the year. Funds budgeted for salaries and related costs pertaining to these posts thus remained unspent.

- The previous Commissioner had engaged the services of three consultants on a retainer basis. The related costs were factored into the financial plan for 2023 even though all three consultants were released on the Commissioner's departure from office on 30 September 2022. This was done to ensure that funds would be available should the new Commissioner, once appointed, wish to engage consultants in the same manner. However, the current Commissioner has only engaged one consultant on a retainer basis.
- Expenditure on additional professional services during 2023 was considerably less than the amount provided for in the financial plan.

In connection with the last point, article 11(2) of the Standards in Public Life Act states that the Commissioner "*may in the conduct of an investigation engage, in a consultative capacity, any person whose particular expertise is essential to the effectiveness of the investigation*". The extent to which consultants are engaged for one-off assignments in this manner depends on the nature and subject matter of the investigations carried out by the Commissioner. In its financial plan for 2023, as in previous years, the Office of the Commissioner included a substantial amount for professional services as a contingency to ensure that investigations would not be curtailed or held up for lack of funds.

As from 2024 the Office of the Commissioner decided in the light of experience that it should cease to budget such a substantial amount for contingency purposes.

Although actual spending during 2023 was lower than the amount projected, the Office of the Commissioner decided that it should still part-finance its expenditure from accumulated reserves, as contemplated in its financial plan for the year. For this reason the Office only claimed half the funds budgeted to it in the national budgetary estimates. As a result the Office incurred a deficiency, that is to say an excess of expenditure over "income", of €199,335.

Audited financial statements for the Office of the Commissioner covering the year to 31 December 2023 are presented in the appendix to this report. The financial statements were audited by the National Audit Office as required by article 12 of the Standards in Public Life Act.

### **6.3 Premises**

The Office of the Commissioner is located on the fourth floor of the Office of the Ombudsman at 11, St Paul Street, Valletta.

This arrangement allows for a degree of synergy between the two bodies, since both represent institutions of oversight that report to Parliament.

These premises were made available by the Office of the Ombudsman under a tenancy agreement valid up to December 2028. The agreement provides for the Office of the Commissioner to pay €20,000 annually to the Office of the Ombudsman in defrayal of refurbishment expenses that were incurred prior to the introduction of the Standards in Public Life Act, together with €1,463 as a contribution to rent payable by the Ombudsman to the Lands Authority.

In addition, the Office of the Commissioner reimburses the Office of the Ombudsman for its share of electricity and water consumption within the building, together with part of the salary of the receptionist.



# Appendix – Audited Financial Statements for the Year 2023

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# Report and Financial Statements for the Year Ending 31 December 2023

## **STATEMENT OF RESPONSIBILITIES OF THE OFFICE OF THE COMMISSIONER FOR STANDARDS IN PUBLIC LIFE**

The main role of the Commissioner for Standards in Public Life (“the Office”) is to investigate allegations of misconduct by members of Parliament and persons of trust as defined in the Standards in Public Life Act (chapter 570 of the laws of Malta). The Commissioner may conduct any such investigation on his initiative or on the written complaint of any person.


The Office of the Commissioner is responsible for ensuring that:

- proper accounting records are kept of all transactions entered into by the Office, and of its assets and liabilities;
- adequate controls and procedures are in place to safeguard the assets of the Office, and to prevent and detect fraud and other irregularities.

The Office is responsible for preparing accounts for each financial year which give a true and fair view of the state of affairs at the end of the financial year and of the income and expenditure for that period.

In preparing the accounts, the Office is responsible for ensuring that:

- appropriate accounting policies are selected and applied consistently;
- any judgements and estimates made are reasonable and prudent;
- International Financial Reporting Standards are followed;
- the financial statements are prepared on the going concern basis unless this is considered inappropriate.



**Chief Justice Emeritus Joseph Azzopardi**  
Commissioner for Standards in Public Life



**Charles Polidano**  
Director General



**INCOME STATEMENT**

**For the year ended 31 December 2023**

	<b>2023</b>	2022
	€	€
<b>Income</b>		
<b>Government subvention</b>	<b>225,000</b>	759,000
<hr/>		
<b>Expenditure</b>		
Administrative and other expenses	<b>150,209</b>	164,092
Personal emoluments (note 5)	<b>274,126</b>	287,532
	<b>424,335</b>	451,624
<hr/>		
<b>Deficiency/surplus for the year</b>	<b>-199,335</b>	307,376
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## STATEMENT OF FINANCIAL POSITION

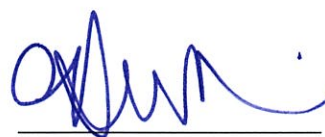
As at 31 December 2023

	Notes	2023 €	2022 €
<b>Fixed assets</b>			
Intangible fixed assets	6	1,476	2,213
Tangible fixed assets	7	109,048	132,971
		<u>110,524</u>	<u>135,184</u>
<b>Current assets</b>			
Bank	8	375,152	567,723
<b>Total assets</b>		<u>485,676</u>	<u>702,907</u>
<b>Long-term liabilities</b>			
Leased liabilities	9	76,155	94,270
<b>Current liabilities</b>			
Leased liabilities	9	18,115	17,759
Payables	10	18,254	18,391
		<u>36,369</u>	<u>36,150</u>
<b>Accumulated fund</b>		<u>373,152</u>	<u>572,487</u>
<b>Equity and liabilities</b>		<u>485,676</u>	<u>702,907</u>

These financial statements were approved and authorised for issue on 2 July 2024 and signed by:



**Chief Justice Emeritus Joseph Azzopardi**  
Commissioner for Standards in Public Life



**Charles Polidano**  
Director General

**STATEMENT OF CHANGES IN EQUITY**

	<b>Accumulated Fund €</b>
At 1 January 2022	<b>265,111</b>
Surplus for the year	<b>307,376</b>
At 31 December 2022	<b>572,487</b>
Deficiency for the year	<b>-199,335</b>
At 31 December 2023	<b>373,152</b>

**STATEMENT OF CASH FLOWS**

**For the year ended 31 December 2023**

	2023	2022
	€	€
<b>Cash flows from operating activities</b>		
Deficiency/surplus for the year	-199,335	307,376
Add: Depreciation and amortisation	24,660	28,617
Add: Finance costs	2,241	2,589
Operating surplus before working capital changes	-172,434	338,582
Increase in payables	-137	2,398
Net cash generated from operating activities	-172,571	340,980
<b>Cash flows from investing activities</b>		
Payments to acquire fixed assets	-20,000	-22,950
Net cash used in investing activities	-20,000	-22,950
<b>Net increase in cash and cash equivalents</b>	-192,571	318,030
Cash and cash equivalents at beginning of the year	567,723	249,693
<b>Cash and cash equivalents at end of the year (note 8)</b>	375,152	567,723

## **NOTES TO THE FINANCIAL STATEMENTS**

### **1. Legal status**

In 2017 the Maltese Parliament enacted the Standards in Public Life Act, which was brought into force on 30 October 2018. The main role of the Commissioner for Standards in Public Life is to investigate allegations of misconduct by members of Parliament and persons of trust as defined in the Act. The Office of the Commissioner for Standards in Public Life is situated at 11, St Paul Street, Valletta, Malta.

These financial statements were approved for issue by the Commissioner and the Director General on 2 July 2024.

### **2. Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below.

#### ***Basis of preparation***

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations adopted by the International Accounting Standards Board (IASB). The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. Estimates and judgements are continually evaluated and based on historic experience and other factors including expectations for future events that are believed to be reasonable under the circumstances.

In the opinion of the Commissioner and the Director General, the accounting estimates and judgements made in the course of preparing these financial statements are not difficult, subject or complex to a degree which would warrant their description as critical in terms of requirements of IAS 1. The principal accounting policies are set out below:

#### ***Materiality and aggregation***

Similar transactions, but which are material in nature, are separately disclosed. On the other hand, items of dissimilar nature or function are only aggregated and included under the same heading when these are immaterial.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. Summary of significant accounting policies (continued)

#### *Revenue recognition*

Revenue derived from the government's subvention is recognised when there is reasonable assurance that all the conditions attached to the subvention are complied with and the subvention will be received.

#### *Property, plant and equipment (PPE)*

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. The cost of an item of property, plant and equipment is recognized as an asset if it is probable that future economic benefits associated with the item will flow to the Office and the cost of the item can be measured reliably.

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

Property, plant and equipment includes right-of-use assets in terms of IFRS 16. The accounting policy for right-of-use assets is included below in the section entitled 'Leases'.

Depreciation commences when the depreciable amounts are available for use and is charged to the statement of comprehensive income so as to write off the cost, less any estimated residual value, over their estimated lives, using the straight-line method, on the following bases:

	%
Office equipment	20
Computer equipment	25
Furniture & fittings	10
Motor vehicles	20

The contractual value of the leased premises is depreciated over the term of the lease after deducting the financial charge element of the contractual value.

## **NOTES TO THE FINANCIAL STATEMENTS**

### **2. Summary of significant accounting policies (continued)**

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The carrying amount of an item of PPE is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from derecognition of an item of PPE are included in the profit and loss account when the item is derecognised.

#### ***Receivables***

Receivables are stated at their net realizable values after writing off any known bad debts and providing for any debts considered doubtful.

#### ***Intangible assets***

An intangible asset is recognised if it is probable that the expected future economic benefits that are attributable to the asset will flow to the Office and the cost of the asset can be measured reliably.

Intangible assets are initially measured at cost. Expenditure on an intangible asset is recognised as an expense in the period when it is incurred unless it forms part of the cost of the asset that meets the recognition criteria.

Intangible assets with a finite useful life are amortised. Amortisation is charged to profit or loss so as to write off the cost of intangible assets less any estimated residual value, over their estimated useful lives. The amortisation method applied, the residual value and the useful life are reviewed, and adjusted if appropriate, at the end of each reporting period.

#### ***Website and computer software***

The cost of the website and computer software are classified as intangible assets and are amortised on a straight-line basis over four years.

#### ***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.

## **NOTES TO THE FINANCIAL STATEMENTS**

### **2. Summary of significant accounting policies (continued)**

#### ***Payables***

Payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Office.

#### ***Leases***

The Office assesses whether the contract is, or contains, a lease at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The lease term is determined as the non-cancellable period of a lease, together with both (a) periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and (b) periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

The Office recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, unless otherwise stated below.

Where a right-of-use asset and a corresponding lease liability is recognised, the lease liability is initially measured at the commencement date at the present value of the lease payments that are not paid at that date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Office uses its incremental borrowing rate.

#### ***Foreign currencies***

Items included in the financial statements are measured using the currency of the primary economic environment in which the Office operates. These financial statements are presented in €, which is the Office's functional and presentation currency.

Transactions denominated in foreign currencies are translated into € at the rates of exchange in operation on the dates of transactions. Monetary assets and liabilities expressed in foreign currencies are translated into € at the rates of exchange prevailing at the date of the Statement of Financial Position.



## **NOTES TO THE FINANCIAL STATEMENTS**

### **3. Critical accounting estimates and judgements**

Estimates and judgements are continually evaluated and based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. The accounting estimates and judgements made in the preparation of the Financial Statements are not difficult, subjective or complex, to a degree that would warrant their description as critical in terms of the requirements of IAS 1 – ‘Presentation of Financial Statements’.

### **4. Initial application of an International Financial Reporting Standard, early adoption of International Financial Reporting Standards and International Financial Reporting Standards in issue but not yet effective**

During the year under review, the Office of the Commissioner for Standards in Public Life has adopted a number of standards and interpretations issued by the IASB and the International Financial Reporting Interpretations Committee and endorsed by the European Union. The Office of the Commissioner for Standards in Public Life is of the opinion that the adoption of these standards and interpretations did not have a material impact on the financial statements.

There have been no instances of early adoption of standards and interpretations ahead of their effective date. At the date of statement of financial position, certain new standards and interpretations were in issue and endorsed by the European Union, but not yet effective for the current financial year. The Office of the Commissioner for Standards in Public Life anticipates that the initial application of the new standards and interpretation on 1 January 2024 will not have a material impact on the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

### 5. Personal emoluments

	2023	2022
	€	€
Wages and salaries	263,368	275,638
Social security costs	10,758	11,894
	<u>274,126</u>	<u>287,532</u>

In the period under review the Commissioner employed the equivalent of 5 full-time employees.

### 6. Intangible fixed assets

	Software €	Website €	Total €
<b>Cost</b>			
At 01.01.2022 and 2023	2,950	2,480	5,430
Additions	–	–	–
<b>At 31.12.2022 and 2023</b>	<u>2,950</u>	<u>2,480</u>	<u>5,430</u>
<b>Amortisation</b>			
At 01.01.2022	–	1,860	1,860
Charge for the year	737	620	1,357
<b>At 31.12.2022</b>	<u>737</u>	<u>2,480</u>	<u>3,217</u>
At 01.01.2023	737	2,480	3,217
Charge for the year	737	–	737
<b>At 31.12.2023</b>	<u>1,474</u>	<u>2,480</u>	<u>3,954</u>
Net book value			
At 31.12.2022	2,213	–	2,213
<b>At 31.12.2023</b>	<u>1,476</u>	<u>–</u>	<u>1,476</u>

**NOTES TO THE FINANCIAL STATEMENTS**

**7. Tangible fixed assets**

	Leased premises €	Motor vehicles €	IT equipment €	Other equipment €	Furniture & fittings €	Total €
<b>Cost</b>						
<b>01.01.2022 &amp; 2023</b>	179,652	5,668	19,439	7,913	22,722	235,394
<b>Depreciation</b>						
01.01.2022	50,212	3,401	13,040	3,479	5,031	75,163
Charge for the year	17,411	1,133	4,860	1,583	2,273	27,260
<b>31.12.2022</b>	<b>67,623</b>	<b>4,534</b>	<b>17,900</b>	<b>5,062</b>	<b>7,304</b>	<b>102,423</b>
01.01.2023	67,623	4,534	17,900	5,062	7,304	102,423
Charge for the year	17,759	1,133	1,176	1,583	2,272	23,923
<b>31.12.2023</b>	<b>85,382</b>	<b>5,667</b>	<b>19,076</b>	<b>6,645</b>	<b>9,576</b>	<b>126,346</b>
<b>Net book value</b>						
31.12.2022	112,029	1,134	1,539	2,851	15,418	132,971
<b>31.12.2023</b>	<b>94,270</b>	<b>1</b>	<b>363</b>	<b>1,268</b>	<b>13,146</b>	<b>109,048</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 8. Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and balances in bank. Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:

	2023	2023
	€	€
Cash at bank	375,152	567,723

### 9. Leased liabilities

On 20 December 2018 the Office of the Commissioner for Standards in Public Life entered into an agreement with another Government organisation to lease a floor within the premises of the said organisation for a period of 5 years, renewable by a further 5 years at the option of the lessee, for a charge of €20,000 per annum.

The Office of the Commissioner for Standards in Public Life believes that the likelihood of taking up the said option is high and therefore, in accordance with IFRS 16, the entire expected 10 year leased payments have been capitalised in the balance sheet. A 2% discount rate has been applied in calculating the present value of this lease obligation.

The present value of the lease payment obligations under finance lease are as follows:

	2023	2022
	€	€
Due within one year	18,115	17,759
Due within two and five years	76,155	74,661
More than five years	–	19,609
	<u>94,270</u>	<u>112,029</u>

The annual charge of €20,000 has been split between finance costs and depreciation as follows:

	2023	2022
	€	€
Depreciation	17,759	17,411
Finance charge	2,241	2,589
	<u>20,000</u>	<u>20,000</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 10. Payables due within one year

	2023	2022
	€	€
Accruals	18,254	18,391

### 11. Financial assets and liabilities

Financial assets include receivables and cash held at bank and in hand. Financial liabilities include payables.

### 12. Fair values

At 31 December 2022 and 2023, the fair values of assets and liabilities were not materially different from their carrying amounts.

### 13. Capital management

The Office's capital consists of its net assets, including working capital, represented by its retained funds. The Office's management objectives are to ensure that the Office's ability to continue as a going concern is still valid and that the Office maintains a positive working capital ratio.

To achieve the above, the Office carries out regular reviews of the working capital ratio ('Financial Situation Indicator'). This ratio was positive at the reporting date. The Office also uses budgets and plans to set its strategy to optimise its use of available funds and implement its commitments.

**SCHEDULE**

**Detailed income statement for the year ending 31 December 2023**

	2023	2022
	€	€
Income		
Government subvention	<b>225,000</b>	759,000
Expenditure		
Depreciation and amortisation	<b>24,660</b>	28,618
Finance costs	<b>2,648</b>	2,970
Hospitality	<b>19,348</b>	13,464
Housekeeping and general expenses	<b>17,262</b>	11,869
Insurance	<b>3,982</b>	4,788
IT costs	<b>12,203</b>	9,957
Maintenance	<b>2,631</b>	1,520
Motor vehicle expenses	<b>18,753</b>	6,405
Professional fees	<b>24,239</b>	56,856
Publications and media	<b>133</b>	775
Recruitment fees	–	5,613
Rent and common costs	<b>8,345</b>	9,183
Salaries	<b>274,126</b>	287,532
Staff training and welfare	<b>549</b>	333
Stationery	<b>4,845</b>	4,414
Telecommunications	<b>1,197</b>	1,224
Travelling and accommodation	<b>6,269</b>	2,801
Utilities	<b>3,145</b>	3,302
	<b>424,335</b>	451,624
Deficiency/surplus for the year	<b>-199,335</b>	307,376

## **Report of the Auditor General**

### **To the Office of the Commissioner for Standards in Public Life**

#### **Opinion**

We have audited the accompanying financial statements of the Office of the Commissioner for Standards in Public Life set out on pages 33 to 46, which comprise the statement of financial position as at 31 December 2023, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Office of the Commissioner for Standards in Public Life as at 31 December, 2023, 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, and comply with the Standards in Public Life Act, 2018.

#### **Basis for Opinion**

We conducted our audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). 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 Office of the Commissioner for Standards in Public Life in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have also fulfilled our ethical responsibilities as required by the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) in Malta. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **The Office of the Commissioner for Standards in Public Life's responsibility for the financial statements**

The Office of the Commissioner for Standards in Public Life is responsible for the preparation of financial statements that give a true and fair view in accordance with the International Financial Reporting Standards as adopted by the European Union and for such internal control as management 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 Office of the Commissioner for Standards in Public Life is responsible for assessing its ability to continue as a going concern, disclosing, as applicable, related matters and using the going concern basis of accounting unless it is either intended to cease operations, or there is 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 ISSAIs 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 ISSAIs, we exercise professional judgement 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 controls 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 entity.
- Conclude on the appropriateness of the entity's use of 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.



**Auditor General**

04 July 2024