

Political Parties' Statements of Accounts

2019

*Report to the Chairman of Dáil Éireann pursuant
to section 88(1) of the Electoral Act 1997, as amended*



Coimisiún um Chaighdeán in Oifigí Poiblí Standards in Public Office Commission

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Foreword

The Standards Commission has asked me to present this report on political parties' annual statements of accounts for 2019 to the Chairman of Dáil Éireann (Ceann Comhairle) and to the Minister for Public Expenditure and Reform, in accordance with section 88 of the Electoral Act 1997, as amended.

The Electoral Act 1997, as amended by the Electoral (Amendment) (Political Funding) Act 2012 (the Act), provides for the disclosure of accounts by political parties. It also makes provision for the keeping of accounting records underpinning those accounts.

- Section 84 of the Act requires a designated official of a political party – the appropriate officer – to prepare the accounts.
- Section 86 requires the accounts to be audited by a statutory auditor.
- Section 87 obliges the appropriate officer to furnish the accounts to the Standards in Public Office Commission (the Commission) together with a copy of the auditor's report no later than 30 June in the year following that to which the accounts relate.

Sherry Perreault
Head of Ethics and Lobbying Regulation
Secretary to the Commission
November 2020

Chapter 1 Introduction

The Electoral Act 1997, as amended by the Electoral (Amendment) (Political Funding) Act 2012 (the Act), provides for the disclosure of accounts by political parties. It also makes provision for the keeping of accounting records underpinning those accounts. This report contains information about accounts disclosed in respect of 2019.

The Act requires that the accounts comply with the requirements as to form and content provided for in guidelines issued by the Commission.

In accordance with the requirements of the Act, a copy of this report will be furnished to the Chairman of Dáil Éireann and to the Minister for Public Expenditure and Reform.

Chapter 2 Accounts furnished by political parties

Twenty-two political parties were on the Register of Political Parties during 2019.

Guidelines for Political Parties

The Commission published revised guidelines, entitled **Annual Statement of Accounts: Guidelines for Political Parties** (the guidelines), in July 2017 as practical guidance to political parties in meeting the requirements of the Act.

Review of Statements of Accounts

Parties were required to furnish their 2019 statements of accounts and auditors' reports to the Commission by 30 June 2020.

The Commission considered each of the statements or submissions received, having regard to the Act and the guidelines. Some of the statements were materially compliant and did not require follow up. Queries and clarifications were raised with parties in relation to some of the submissions received and parties were given an opportunity to respond. Where the parties dealt adequately with the queries raised, the Commission considers that these parties are materially in compliance with the legislation and the guidelines.

Statements of accounts are considered to be compliant where the party has complied with the legislation and guidelines, and has dealt adequately with any query raised by the Commission. Compliant statements have been published on the Commission's website.

The outcome of the Commission's review of the parties' compliance with the requirements of the Act is shown in Table 1.

Table 1 – Compliance of registered political parties with Electoral Act requirements for disclosure of annual statements of accounts

Status of statements of accounts 2019	Name of political party
Compliant	Fianna Fáil
	Fine Gael
	Labour Party
	Green Party
	Sinn Féin
	Kerry Independent Alliance
	Solidarity – People Before Profit
	Independents 4 Change
	Social Democrats
Not Compliant – unaudited accounts provided	Communist Party of Ireland
	Workers and Unemployed Action
	Direct Democracy Ireland
	Irish Freedom Party
	United People
	Human Dignity Alliance
Non-compliant – Other submission/ correspondence provided	Fís Nua
	Irish Democratic Party
Non-compliant – no accounts received	Identity Ireland
	Aontú
	The National Party
	Renua Ireland
	The Workers’ Party

Non-Compliant Statements of Account

The following parties have furnished statements which were not compliant with the guidelines:

- *Communist Party of Ireland*

The unsigned financial statements submitted broadly follow the format set out in the guidelines. They have not been audited and have not been reviewed in detail.

- *Direct Democracy Ireland*

The financial statements submitted, with accompanying bank statement, are not in the format required by the guidelines. They have not been audited and have not been reviewed in detail.

- *Human Dignity Alliance*

The party has produced a statement in the required format. It indicates that the party had no financial transactions during the period. As the statement is unaudited, it does not comply with the legislation.

- *Irish Freedom Party*

A set of financial statements was submitted. They have not been audited and have not been reviewed in detail.

- *United People*

An unsigned 'set of financial statements' was submitted. They are dated year-ended 7 August 2020. The financial statements comprise the template provided by the Commission with some unchanged text (e.g. Note 25 states 'Insert standard accounting note'). They disclose no financial transactions and the party stated that there were no financial transactions in the period.

- *Workers & Unemployed Action Group*

Unsigned statement of income and expenditure submitted, with accompanying bank statements. This is not in the format required. It has not been audited and has not been reviewed in detail.

The following parties have not furnished statements but have engaged in correspondence regarding the statement of accounts.

- *Fís Nua*

The party stated that it had no income and expenditure in 2019. It also stated that it does not charge membership fees and does not take political donations.

- *Irish Democratic Party*

The party stated that the amount held in its account (€22) is unchanged for the last few years.

Under Section 86(4) of the Act, the Commission may exercise its discretion to appoint a statutory auditor to audit any unaudited accounts. Because the unaudited accounts were from parties that do not receive funding from the Exchequer under the Electoral Act, and having regard to whether the public interest required the investment of the necessary resources to undertake such an audit, the Commission decided not to have the relevant statements audited.

Although not compliant for purposes of the Act, the statements received have been published on the Commission's website.

No Statement of Accounts Received

Five registered parties have not furnished statements of accounts to the Commission and are not compliant with the requirements of the Acts:

- Aontú
- Identity Ireland
- The National Party
- Renua Ireland
- The Workers' Party

General Comments

In a number of instances, there were differences between the information provided in the financial statements and that which was requested in the guidelines and associated template provided by the Commission.

While not in strict compliance with the guidelines, the manner in which these areas were addressed by the parties was broadly similar to previous years.

The three areas where material differences were identified are

- the statement of responsibilities
- income recognition – membership fees and subscriptions
- signing and dating of statements (the Income and Expenditure Account, the Balance Sheet, and the Cash Flow Statement).

Chapter 3 Recommendations

As has been noted previously, several issues have arisen in the provision of party statements of accounts that may not have been anticipated when the legislation was being drafted.

A number of parties are not compliant with the requirements of the Act and the guidelines. Some of the smaller parties subject to the Act reported no income during 2019. These political parties do not receive any funding from the Exchequer.

As has been stated previously, the Commission is of the view that the requirement on all registered political parties to furnish statements of accounts and to have them audited by a statutory auditor, regardless of the size of the party or the extent of its income and expenditure, is excessive. Therefore, the Commission again recommends that the legislation be reviewed with a view to exempting smaller parties from the requirement to furnish audited statements of accounts to the Commission. For example, this might include parties that receive no public funding, or those that receive only a small level of private donations. The Commission considers that the requirement for all registered political parties to furnish statements of accounts should remain, but that it is unnecessary in such circumstances for the statements to be audited.

However, the Commission is very concerned that Renua, as a party that was in receipt of public monies under the Act, and Aontú, as a party represented in the Oireachtas, have failed to meet their statutory obligations to provide a statement of accounts to the Commission. The Act provides that, where a registered political party fails to provide a statement of Accounts accompanied by a Statutory Auditors' Report, no further payment of Exchequer funding will be made to that party until it complies with its obligations in this regard.

In this case, as the total first preference votes obtained by candidates for Renua at the February 2020 general election expressed as a percentage of total first preference votes obtained by all candidates at that election was less than two per cent, the party is no longer a qualified party and no further payments are due to it. In addition, the total first preference votes obtained by candidates for Aontú did not meet the threshold and it is not a qualified party.

Accordingly, no action can be taken against either Renua or Aontú for failure to comply with their obligation to submit a statement of accounts.

The Commission again notes that the requirements of other legislation to produce financial reports or statements of accounts are not always consistent with one another. It would be useful to consolidate or at least to reconcile the reporting

requirements of all legislation that provide for state funding of political parties for administrative ease and legislative coherence.

Chapter 4 Publication of Statutory Documentation

In accordance with section 90 of the Act, as soon as reasonably practicable after receiving an annual statement of accounts and auditor's report pursuant to section 87, the Commission shall make a copy of the statement and report available for public inspection, without charge, at its principal office at 6 Earlsfort Terrace, Dublin 2, D02 W773, during normal working hours and on the Commission's website, at www.sipo.ie.

Each statement and report received has been published on the website – <https://www.sipo.ie/reports-and-publications/political-party-accounts/>

In light of the current COVID-19 pandemic, the Commission's offices are closed to callers. It is therefore not possible to provide for public inspection. Copies can be made available on application to the Commission via email at info@sipo.ie or by telephone at (01) 639-5666.