

Political Parties' Statements of Accounts

2021

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
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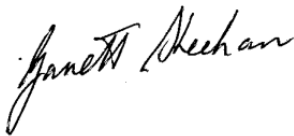
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Foreword

I am pleased to present this report on political parties' annual statements of accounts for 2021 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 (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.



Garret Sheehan
Chairperson
Standards in Public Office Commission

Chapter 1 Introduction

The Electoral Act 1997 (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 2021.

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-three political parties were on the Register of Political Parties during 2021.

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 2021 statements of accounts and auditors' reports to the Commission by 30 June 2022.

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.

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 2021	Name of political party
Compliant	Aontú
	Fianna Fáil
	Fine Gael
	Green Party
	Independents 4 Change
	Kerry Independent Alliance
	People Before Profit/Solidarity
	Sinn Féin
	Social Democrats
	The Labour Party
Not Compliant – unaudited accounts provided	Communist Party of Ireland
	Direct Democracy Ireland
	Human Dignity Alliance
	Irish Freedom Party
	Party for Animal Welfare
	The Right to Change Party
	United People
	Workers and Unemployed Action
Non-compliant – Other submission/ correspondence provided	Fís Nua
Non-compliant – no accounts received	Identity Ireland
	Renua Ireland
	The National Party
	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*

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*

Financial statements were submitted with an accompanying bank statement. They are not in the format required by the guidelines and have not been audited. They have not been reviewed in detail.

- *Fís Nua*

The party stated that it had no income and expenditure in 2021.

- *Human Dignity Alliance*

Unsigned financial statements, in the required format, were submitted. They disclose no financial transactions for the period. The statements were not audited.

- *Irish Freedom Party*

Financial statements, in the required format, were submitted. They have not been audited and have not been reviewed in detail.

- *Party for Animal Welfare*

Unsigned financial statements and a list of transactions were submitted, along with bank statements. They have not been audited and have not been reviewed in detail.

- *The Right 2 Change Party*

Unsigned financial statements in the required format were submitted, as well as bank statements. They have not been audited and have not been reviewed in detail.

- *United People*

An unsigned, unaudited 'statement of accounts' was submitted. No transactions are disclosed.

- *Workers & Unemployed Action*

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

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

Four registered parties have not, at the time of writing, furnished statements of accounts to the Commission and are not compliant with the requirements of the Act:

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

Renua Ireland had not provided their statement of accounts for 2020 by the time the Commission published its statement of accounts 2020 report. Renua subsequently provided its 2020 statement to the Commission on 25 March 2022. Some minor queries on the statement were raised, but have yet to be addressed by the 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
- signed statements (the Income and Expenditure Account, Balance Sheet (including retained revenue reserves), 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.

In previous reports on statements of accounts, the Commission recommended that smaller parties should be exempted from the requirement to furnish audited statements of accounts to the Commission.

The Commission also noted that the Act provides that, where a registered political party that qualifies for Exchequer Funding 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. It also noted that no action can be taken against a party that does not qualify for Exchequer Funding for failure to comply with their obligation to submit a statement of accounts.

Finally, the Commission has previously noted that the requirements of other legislation to produce financial reports or statements of accounts are not always consistent with one another. The Commission has stated that 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.

Electoral Reform Act 2022

The Commission notes that the enactment of the Electoral Reform Act 2022 (the 2022 Act) in July 2022 has addressed in part some of the Commission's concerns as expressed in previous reports.

The 2022 Act amends provisions of the Electoral Act 1997. It provides:

- Statements of accounts for a political party must include its subsidiaries, including those outside the State, unless the subsidiary falls below certain income/asset thresholds, and
- Statements of accounts in respect of subsidiaries must be audited by a statutory auditor, unless the subsidiary falls below certain income/asset thresholds;

The Commission welcomes these provisions and notes that it had taken the view in 2013 that its guidelines for the statements of accounts should encompass subsidiaries. However, the Minister for the Environment, Community and Local Government at that time took a different view and would not provide his consent for the draft guidelines submitted to him by the Commission on this basis. Guidelines requiring statements of accounts encompassing only party headquarters were subsequently adopted.

The Commission welcomes the adoption of thresholds below which subsidiaries will not be subject to the requirement for accounts to be audited by a statutory auditor. However, it notes that its recommendations that smaller parties (i.e party headquarters) should be exempted from the requirement to furnish audited statements of accounts to the Commission has not been adopted. The Commission considers that this approach is inconsistent with the new provisions relating to subsidiaries and recommends that a further amendment be considered to apply similar thresholds to accounts of party headquarters.

The 2022 Act also provides the following:

- There are new offences of failing to keep proper and usual books of accounts, failing to prepare an annual statement of accounts, failing to furnish the Commission with the statement of accounts and auditor's report and knowingly furnishing a false or misleading statement of accounts to the Commission.
- Statements of accounts must include all property within the ownership of the political party and its subsidiaries, including property situated outside the State;
- Commission guidelines under section 89 may explicitly incorporate requirements under FRS 102;
- There is a requirement on Irish political parties to keep the books of accounts of their subsidiaries, including those outside the State, in accordance with Commission guidelines, and

The above provisions will apply following the making of a commencement order by the Minister for Housing, Local Government and Heritage and, where relevant, guidelines have been drafted by the Commission and approved by the Minister.

The Commission notes that the 2022 Act does not address its concerns that the requirements of other legislation to produce financial reports or statements of accounts are not always consistent with one another. It remains of the view that 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

Statements of accounts and auditors' reports received from political parties pursuant to section 87 can be viewed on the Commission's website, www.sipo.ie. The Commission will also make copies of the statements and reports available for public inspection, without charge, at its office at 6 Earlsfort Terrace, Dublin 2, D02 W773, during normal working hours. If you wish to inspect the statutory documentation, please contact the Commission via email at info@sipo.ie or by telephone (01) 639-5666.