

Political Parties' Statements of Accounts

2015

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



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Foreword

I am pleased to furnish this report to the Ceann Comhairle (Chairman of Dáil Éireann) in accordance with section 88(1) of the Electoral Act 1997, as amended (the Act). The report relates to statements of accounts and auditors' reports in respect of 2015, furnished to the Standards in Public Office Commission (the Commission) by political parties pursuant to section 87(1) of the Act.

Justice Daniel O'Keeffe
Chairperson

December 2016

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; requires a designated official of a political party – the appropriate officer – to keep or cause to be kept all proper and usual books of account of the political party; requires the appropriate officer to prepare a statement of accounts in respect of each financial year; requires the accounts to be audited by a public auditor; 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; and requires the Commission to consider every annual statement of accounts and auditor's report furnished to it and furnish a report to the Chairman of Dáil Éireann on any matter arising.

The Commission published Guidelines, entitled Annual Statement of Accounts: Guidelines for Political Parties (the Guidelines), in December 2014 as practical guidance to political parties in meeting the requirements of the Act. An illustrative template for the statements of accounts was included as an Appendix to the Guidelines, which may be viewed at <http://www.sipo.gov.ie/en/Guidelines/Political-Party-Account-Guidelines/>. These Guidelines are in the process of being updated and revised based on the experience gained to date in applying them.

Chapter 2 Reporting requirements by the Commission

The Commission must furnish a report to the Chairman of the Dáil on any matter arising in relation to the statements of accounts. There are other mandatory reporting requirements set out in the Act as follows.

- a) In accordance with section 88(3) of the Act, if the Commission, having raised queries with a political party, continues to be of the opinion that there may have been non-compliance with the Guidelines, it shall report the matter to the Minister for Public Expenditure and Reform and the Chairman of the Dáil.
- b) In accordance with section 88(4) of the Act, where the Commission is satisfied that the annual statement of accounts complies with the Act and with the Guidelines, the Commission shall notify the Minister for Public Expenditure and Reform.
- c) In accordance with section 88(6) of the Act, where the appropriate officer of a political party fails to furnish a statement of accounts, the Commission shall furnish a statement to that effect to the Chairman of the Dáil and the Minister for Public Expenditure and Reform, and publish details of the non-compliance on the Commission's website.

As required by the Act, the Commission notes the non-compliance of the parties identified as non-compliant in Table 1. A copy of this report will be furnished to the Chairman of Dáil Éireann and to the Minister for Public Expenditure and Reform.

Chapter 3 Accounts furnished by political parties

Political parties were required to furnish to the Commission a statement of accounts and auditor's report in respect of 2015, by 30 June 2016.

There were 22 political parties registered in the register of political parties in 2015 and each of these political parties were required to furnish such documentation to the Commission.

The Commission considered each of the accounts submitted, having regard to the Act and the Guidelines published by the Commission. Some queries were raised in respect of all of the statements of accounts received and parties were given an opportunity to respond. Where the parties dealt adequately with the queries raised, the Commission confirms that these parties are in compliance with the legislation and the Guidelines. In some instances, queries were not addressed, or not satisfactorily addressed, by the date of publication of this report. In these instances, this report notes where a party is not in compliance and provides associated notes.

Review by the Commission

Section 88(1) of the Electoral Act as amended provides that the Commission shall consider every annual statement of accounts and auditor's report furnished to it under section 87.

Section 88(3)(a) provides where the Commission, following consideration by it of an annual statement of accounts furnished to it pursuant to section 87, is of the opinion that the statement of accounts does not comply with the Guidelines, the Commission shall furnish to the appropriate officer a written notice containing details of the non-compliance. The Commission shall inform the appropriate officer that he or she may furnish comments on the matter to the Commission within 14 days from the date on which the notice issued to the appropriate officer and any such comments will be considered by the Commission before considering the matter further.

Section 88(4) provides that, following its review, where the Commission is satisfied that the accounts comply with the legislation and its Guidelines, it must notify the Minister for Public Expenditure and Reform to that effect.

Section 88(6) provides that, following consideration of any comments received or where no comments have been received, where the Commission continues to be of opinion that there may have been non-compliance with the Guidelines, it must report the matter (along with any relevant document or thing in its possession) to the Minister for Public Expenditure and Reform and to the Chairman of Dáil Éireann.

The compliant statements of accounts and auditors' reports and the non-compliant statements and/or explanations are available on the Commission's website.

Table 1 – Compliance of registered political parties.

Political Party registered pre 2015 in receipt of State funding	Compliant status
Fianna Fáil	Fully compliant
Fine Gael	Fully compliant
Sinn Fein	Fully compliant
The Labour Party	Fully compliant
Political Party registered pre 2015 not in receipt of State funding	
Green Party	Fully compliant
Fis Nua	Fully compliant
Kerry Independence Alliance	Fully compliant
Workers and Unemployed Action Group	Fully compliant
AAA (1Jan – 31 Aug 2015) (note: party ceased to exist in 2015)	Queries outstanding
PBPA (1 Jan – 31 Aug 2015) (note: party ceased to exist in 2015)	Queries outstanding
Catholic Democrats	Not compliant
Communist Party of Ireland	Not compliant
Direct Democracy Ireland	Not compliant
Independents 4 Change	Not compliant
Irish Democratic Party	Not compliant
United Left	Not compliant
The Workers Party	Not compliant
Socialist Party	Partly compliant
Political Party registered in 2015 not in receipt of State funding	
Renua	Fully compliant
Social Democrats	Fully compliant
AAA/PBPA	Queries outstanding
United People	Not compliant

Explanatory notes:

“Fully compliant”: All of these political parties have complied with the legislation and Guidelines, after they dealt adequately with queries raised by the Commission in relation to the original statements of accounts and auditors' reports furnished. Statements have been published on the Standards Commission's website.

“Partly compliant”: The party has provided a statement of accounts which has been audited. However, the statement and auditor's certificate do not meet the standards published in the Guidelines, as follows:

- The statement does not contain the usual statement acknowledging the responsibilities of the governing authority of the party in relation to the preparation of financial statements and the keeping of proper books of accounts.

- The auditor's certificate, while not qualified in any way, does not contain all of the assurances required by section 4 of the Commission's Guidelines.
 - Specifically, the certificate does not express any opinion on whether the statement has been prepared in accordance with the provisions of the Electoral Act 1997 and the Guidelines issued by the Commission, whether the auditor has obtained all the information and explanations that he/she considers necessary for the purposes of the audit, whether the auditor considers that proper books of account have been kept and whether the statement of accounts is in agreement with the books of account.
- The quantum of the Parliamentary Activities Allowance shown in the statement differs from that shown in the Commission's report made under section 10D of the Ministerial and Parliamentary Offices Act 1938 (as amended). The party has indicated that the difference represents part of the allowance which was paid by the party leader directly to cover a share of the expenses of the technical group in Dáil Éireann and which the party considers not to be within the ambit of these accounts.

Statements have been published on the Standards Commission's website.

“Queries outstanding”: Queries have been raised with the party in relation to the statements of accounts and auditors' report furnished. However, satisfactory responses have not been received as of the date of publication of the report and, therefore, the party is not in compliance with the legislation and the Guidelines published by the Commission.

If or when satisfactory responses are received, the Commission will publish a supplementary report and publish the amended statements of accounts and auditors' reports on the Standards Commission's website.

“Not compliant”: The party has not furnished a compliant statement of accounts and/or auditor's report to the Commission – details below:

- *Catholic Democrats - the National Party*
A statement of accounts was received from the party. This statement was not prepared in accordance with generally accepted accounting principles, was not in the format provided for in the Commission's template and Guidelines, and has not been audited.
- *Communist Party of Ireland*
A statement of accounts was received from the party. It has not been audited. The party indicated its dissatisfaction with the requirement that a small party, not in receipt of public funds, must produce audited statements. It has declined to provide an auditor's report.
- *Direct Democracy Ireland*
A partial statement of accounts was received from the party. An auditor's report that is not compliant with the Act and /or the Guidelines was also received.
- *Independents 4 Change*

No statement was received. The party indicated that it received no funding for 2015 and therefore did not have any operations through its bank account.

- *United Left*

No statement was received. The party indicated that it ceased to function as a political party in 2014 and that during 2015 there were no national accounts, no bank accounts nationally and no income or expenditure nationally.

- *United People Party*

No statement was received. The party indicated that there were no financial transactions during the period and indicated that no statement has been or will be prepared.

- *Irish Democratic Party*

No statement was received. The party stated that due to the small balance in its accounts it was not in a position to have the accounts professionally audited.

- *The Workers Party*

A statement of accounts was received. The party indicated that it was not in a position to have the statement audited.

The Commission may under Section 5 of the Act exercise its discretion to appoint a public auditor to audit any unaudited accounts. Given the fact that the unaudited accounts were from parties that do not receive funding from the Exchequer, and having regard to whether the public interest necessitated the investment of the necessary resources to undertake such an audit, the Commission decided not to have the relevant statements audited.

Statements have been published on the Standards Commission's website.

Chapter 4 Recommendations

This report marks the first time that political parties have been required to furnish statements of accounts to the Commission. Inevitably, issues have arisen that may not have been anticipated when the legislation was being drafted.

A number of parties are noted in this report as non-compliant with the requirements of the Act and the Guidelines. However, the requirement on all registered political parties to furnish statements of accounts and to have them audited by a public auditor, regardless of the size of the party or the extent of its income and expenditure is, in the Commission's view, excessive.

A number of the smaller parties subject to the Act's obligations reported no income during 2015, while others reported insufficient funds available to have accounts audited. These political parties do not receive any funding from the Exchequer. Given these circumstances, several parties noted that they are aggrieved that the Commission must now report their non- compliance with what they view as overly burdensome provisions of the legislation.

The Commission agrees that the requirements of the Act are unduly burdensome in these circumstances. The Commission is of the view that placing the same onerous obligations on parties with very little income and expenditure, and that are not in receipt of moneys from the State, is unreasonable.

The Commission recommends, therefore, that the legislation be reviewed with a view to exempting smaller parties, especially those that receive no funding from the Exchequer under either the electoral or party activities allowance legislation, from the requirement to furnish audited statements of accounts to the Commission. The Commission agrees that the requirement to furnish statements should remain, but that it is unnecessary in these circumstances for the statements to be audited.

The Commission further notes that the requirements of other legislation to produce statements are not always consistent with one another. It would be useful to reconcile the reporting requirements of all legislation that provide for state funding of political parties for administrative ease and legislative coherence.

Chapter 5 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 during normal working hours and on the Commission's website.

Accordingly, the Commission has made the annual statements of accounts and auditors' reports available for public inspection and copying at its offices on 18 Lower Leeson Street, Dublin 2. The information is also available on the Commission's website www.sipo.ie.

Arising from this year's exercise, which was the first time parties had compliance obligations under the new legislation, the Commission has determined that the Guidelines developed should be reviewed and revised to reflect experience to date. Accordingly, a consultative exercise is underway and revised Guidelines will be published in due course.