

Political Parties' Statements of Accounts

2017

*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

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 2017, 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

October 2018

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 2017.

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

Nineteen political parties were on the Register of Political Parties in 2017.

Guidelines for Political Parties

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.

Based on practical experience administering the Act in the intervening period, the guidelines were subsequently reviewed and updated. The revised version of the guidelines was approved by the Minister for Housing, Planning and Local Government, and published in Iris Oifigiúil in July 2017.

Review of Statements of Accounts

Parties were required to furnish their statements of accounts and auditor's reports to the Commission by 30 June 2018.

The Commission considered each of the accounts submitted, having regard to the Act and the Guidelines. Some queries were raised in respect 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.

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 2017	Name of political party
Compliant	Fianna Fáil
	Fine Gael
	Green Party
	Independents 4 Change
	Kerry Independent Alliance
	Labour Party
	RENUA Ireland
	Sinn Fein
	Social Democrats
	Socialist Party *
	Solidarity – People Before Profit
Not Compliant	Communist Party
	Direct Democracy Ireland
	Workers & Unemployed Action Group
No accounts received	Fís Nua
	Identity Ireland
	Irish Democratic Party
	United People
	Workers Party

* Socialist Party deregistered from the Register of Political Parties 30 June 2017

Compliant Statements of Account

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 Standards Commission's website.

Minor errors or omissions

The most common issue in this year's statements was the failure to allocate the Houses of the Oireachtas administrative expenditure over the relevant categories in the Income and Expenditure Account. Rectifying this would require significant changes to the notes and to the Income and Expenditure. Since the issue is only one of presentation, the Commission has accepted what the parties have done this year. However, in future years the template presentation set out in the Guidelines should be followed in the interests of comparability between the political parties.

General Comments

There are minor differences between the “Statement of Responsibilities” produced by some parties and the template attached to the Guidelines. The Commission has ignored these on the basis that all parties have accepted the key responsibilities of preparers of accounts.

Some of the audit certificates do not give explicit assurance that the auditors are satisfied that the accounts are consistent with the “other information” attached to the accounts e.g. the overview statement and the Executive Report. The Commission has not raised this issue with the parties as “the other information” contains practically no financial information. Obtaining an auditor’s assurance as to consistency in this regard would provide little or no assurance to a reader of the accounts.

Non-Compliant Statements of Account

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

- *Communist Party of Ireland*
A statement of accounts was received from the party. It has not been audited. The party indicated that due to its limited resources and as a small party, it was unable to get the accounts publicly audited.
- *Direct Democracy Ireland*
A statement received from the party discloses that the party had only minimal financial transactions during the year. The statement is not in the format required by the guidelines and it is not audited.
- *Workers & Unemployed Action Group*
Unaudited statement of income and expenses received.

The Commission may under Section 86(4) 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 under the Electoral Act, 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.

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

- *Fís Nua*
No statement was received. The party stated that they have received no donations since the last audited accounts, which were for 2015.
- *Identity Ireland*
No statement was received. The party stated that they do not maintain any financial accounts.
- *United People Party*
A set of statements was received by the Commission. However, they disclose no financial transactions. The party stated that there were no financial transactions during the period.
- *Irish Democratic Party*
No statement was received. The party stated that they have received no donations of any kind. Similar to last year, due to the small balance in its accounts the party was not in a position to have the accounts professionally audited.
- *The Workers Party*
No statement was received.

Chapter 3 Recommendations

This report relates to the third year that political parties have been required to furnish statements of accounts to the Commission. As noted in previous reports, issues have arisen 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's obligations reported no income during 2017, while others reported insufficient funds available to have accounts audited. These political parties do not receive any funding from the Exchequer.

As mentioned in previous reports, the Commission remains of the view that 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 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 these circumstances for the statements to be audited.

The Commission again further 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 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 during normal working hours and on the Commission's website.

Accordingly, the Commission has made the annual statements of accounts and auditors' reports as noted in this report 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, at www.sipo.ie.