



**National Audit Office's report to Parliament
on the monitoring of the
Act on Political Parties in 2013**

R 4/2014 vp



**National Audit Office's report to Parliament
on the monitoring of
the Act on Political Parties in 2013**

L 1798-6427
ISSN 1798-6435 (PDF)
Edita Prima Oy
Helsinki 2014

To the Parliament

The National Audit Office has monitored compliance with the provisions in the Act on Political Parties (10/1969, amended 683/2010) regarding financial support and the preparation and submission of related documents during the period 1 September 2012–31 August 2013.

The National Audit Office submits an annual report on its activities in monitoring the Act on Political Parties according to section 9 e (5) of the Act on Political Parties.

Helsinki, 28 March 2014

Auditor General

Tuomas Pöysti

Principal Financial Auditor

Klaus Krokfors

Main content

The Act on Political Parties contains mandatory provisions aimed at promoting the transparency of funding for political parties and party associations. The objective of provisions is to increase the transparency of party funding, particularly taking into consideration the recommendations made to Finland by the Council of Europe Group of States against Corruption (GRECO). The public should have adequate information on the funding of parties' basic activities and election campaigns to evaluate possible ties.

The National Audit Office monitors compliance with the provisions in the Act on Political Parties concerning financial support, the disclosure of election campaign costs and funding and the preparation and submission of related documents by supervised entities.

Financial statements for 2012 of political parties, associations referred to in a party subsidy decision and entities affiliated with a party were sent to the electronic party funding register.

In 2013, the National Audit Office proceeded to 25 audits of political party funding. This figure for 2012 was 20. The 2013 audits targeted all parliamentary parties, their regional organisations in Tampere region and Helsinki, and two foundations.

In 2013, contributions received by parties, party associations and affiliated entities totalling 2.4 euros were reported to the party funding register in up-to-date disclosures. In addition, the number of retrospective disclosures relating to 2012 increased in 2013 from 2.6 million euros to 3.1 million euros, and disclosures that concern contributions relating to 2011 increased from 2.4 million euros to 2.6 euros million in this period. Some of the

complementary disclosures were made as a result of the audits of party funding completed in the last three years.

On the basis of the audit, up-to-date disclosures concerning party funding together with supplements are correct in essential respects and provide correct information on financial support received by the supervised entities in essential respects.

Supervised entities' bookkeeping has as a rule been managed properly so that monitoring compliance with the provisions in the Act on Political Parties has been possible on the basis of bookkeeping. It should still be emphasised, however, that all organisations with an accounting obligation must have their accounts up to date according to chapter 2, section 4 of the Accounting Act (1336/1997, amended by 1304/2004). Attention should also be paid to the itemisation and quality in accounting as well as the handling of cash. The itemisation of election campaign costs and funding should be traceable from bookkeeping and other accounts and should be reconcilable with them.

Shortcomings were again found in the supervised entities' election of auditors and in auditor's reports. Authorised auditors have not always been elected as auditors. Nor have auditors always included the statements referred to in Section 9 c of the Act on Political Parties in their auditor's reports.

The audit did not find substantial contributions violating the restrictions in section 8 b of the Act on Political Parties originating from other organisations besides an entity affiliated with a party.

Contents

1	Legislation applying to the task of monitoring party funding	11
1.1	General contents of the Act on Political Parties from the monitoring perspective	11
1.2	Disclosure obligations prescribed in the Act on Political Parties and information that must be sent to the National Audit Office	13
1.2.1	Up-to-date disclosure	13
1.2.2	Financial statements of a party and associations mentioned in a party subsidy decision	14
1.2.3	Financial statements of affiliated entities	14
1.3	Interpretation situations regarding the filing of information	16
2	The National Audit Office's role in monitoring party funding	19
2.1	Scope of monitoring	19
2.2	The National Audit Office's measures in monitoring party funding	21
2.3	Audit objectives and criteria	23
2.4	Limits of monitoring	24
3	Disclosures received by the National Audit Office and measures regarding them	25
3.1	General description of the audit	25
3.2	Supervised entities' accounting and financial statement procedures	26
3.3	Supervised entities' auditor's reports	28
3.4	Filing of financial statements and information concerning election campaign costs and funding by supervised entities	29
3.5	Up-to-date disclosures together with supplements	30
3.6	Compliance with restrictions of support	32
4	Conclusions and recommendations	34
APPENDIX	List of audits	36

1 Legislation applying to the task of monitoring party funding

1.1 General contents of the Act on Political Parties from the monitoring perspective

The Act on Political Parties (10/1969, amended 683/2010) contains mandatory provisions aimed at promoting the transparency of funding for political parties and party associations. The objective of provisions is to increase the transparency of party funding, particularly taking into consideration the recommendations made to Finland by the Council of Europe Group of States against Corruption (GRECO). The public should have adequate information on the funding of parties' basic activities and election campaigns to evaluate possible ties. Greater transparency in party funding is expected to increase confidence in political activities and thus improve voter turnout. Another objective is to prevent corruption and influence on parties' activities based on ties.

The Act on Political Parties includes provisions on financial support to parties, party associations and entities affiliated with a party. According to the Act, all contributions in the form of money, goods, services or other such performances are regarded as financial support. Only certain performances that are expressly mentioned in the Act are not regarded as financial support and therefore do not come within the sphere of regulation.

The Act on Political Parties also applies to entities affiliated with a party. This means a corporation or foundation or a trust of a corporation or foundation that a political party, with the consent of the corporation or foundation in question, reports to the National Audit Office as an entity affiliated with a party.

The Act on Political Parties also contains restrictions on receiving financial support. A party, a party association and an entity affiliated with a party may receive contributions up to a maximum value of 30,000 euros from the same donor in a calendar year. This restriction does not apply to financial support given to a party or a party association by an entity affiliated with a party, however. In addition the Act contains a ban on receiving contributions from certain public-sector organisations or receiving foreign contributions or contributions from an unidentified donor.

The Act on Political Parties requires a party, a party association and an entity affiliated with a party to disclose to the National Audit Office contributions with a value of at least 1,500 euros and their donors. The information in these "up-to-date disclosures" is published in the party funding register maintained by the National Audit Office.

Parties and associations mentioned in a party subsidy decision must itemise election campaign costs and funding. When election campaign costs and funding are itemised, each individual contribution and its donor must be mentioned separately if the value of a contribution is at least 1,500 euros. Information is entered in the party funding register and made available to the public. It should be noted, however, that the first itemisations of election campaign costs and funding only had to be sent to the National Audit Office in connection with financial statements for 2011.

The Act amending the Act on Political Parties (683/2010) also amended provisions regarding the task of monitoring political parties. The monitoring of political parties is carried out by the National Audit Office, the Ministry of Justice and the auditors of the appropriate organisations and foundations.

Under the Act on Political Parties, the National Audit Office's monitoring task with respect to political parties, district organisations and associations mentioned in a party subsidy decision is secondary. On the basis of the Act the Ministry of Justice is responsible for monitoring that is the duty of the state aid authority for party subsidies. Information on outside funding and election campaigns is part of the financial statements that are prepared according to the Accounting Act and the Act on Political Parties and audited according to the Auditing Act. By law auditors must in future issue a statement on the correctness of the required information in auditor's reports for a party, district organisations and associations receiving subsidies. The auditor of an affiliated entity must voice

an opinion on the correctness of an itemisation of received contributions. The National Audit Office carries out its monitoring task independently on the basis of its own audit plan.

The National Audit Office monitors compliance with the provisions in the Act on Political Parties concerning financial support, the itemisation of election campaign costs and funding and the preparation and submission of related documents. The Ministry of Justice monitors compliance with the Act on Political Parties insofar as monitoring is not the responsibility of the National Audit Office.

The National Audit Office can require a supervised entity to fulfil its obligations on pain of a penalty. A penalty can be imposed only after an entity has been cautioned, however, and if the breach is considered substantial.

The Act on Political Parties contains a provision concerning the recovery of party subsidies. A government plenary session can order the termination of the payment of a party subsidy that has been granted and the recovery of a subsidy that has already been paid, in full or in part, according to the provisions on recovery in the Act on Discretionary Government Transfers. Terminating payments or recovering a party subsidy can also come into question if a party substantially neglects its obligations under the Act on Political Parties.

1.2 Disclosure obligations prescribed in the Act on Political Parties and information that must be sent to the National Audit Office

The Act on Political Parties contains provisions on sending various types of information to the National Audit Office. The following deals with what information must be sent and who is responsible for sending this information.

1.2.1 Up-to-date disclosure

On the basis of section 8 c of the Act on Political Parties, a party, a party association and an entity affiliated with a party must file a disclosure to the National Audit Office regarding the amount of a contribution and the donor if the value of an individual contribution or several contributions received by a party, a party association or an entity affiliated with a party from the same donor is at least 1,500 euros in a calendar year. An up-to-date disclosure must be supplemented if after a disclosure has been filed or supplemented the value of contributions received from the same donor exceeds 1,500 euros. Thus more than one disclosure may have to be filed regarding contributions from the same donor. This means that a disclosure must always be supplemented whenever the next 1,500 euro limit is exceeded (for example 3,001 euros, 4,502 euros etc). The same donor is defined according to a donor's legal capacity.

The National Audit Office does not receive or handle disclosures regarding contributions with a value of less than 1,500 euros. When a disclosure is supplemented the amount of a contribution can be smaller than 1,500 euros, however. An up-to-date disclosure must be filed by the 15th day of the month follo-

wing the month in which a contribution was received. Disclosures filed after this date are considered late.

Disclosures must be filed electronically.

Section 8 c of the Act on Political Parties, which concerns up-to-date disclosures, has been applied since 1 January 2011. The first up-to-date disclosure could therefore be filed concerning contributions received in January 2011.

A party is responsible for filing up-to-date disclosures. A party must also ensure that party associations and entities affiliated with a party file up-to-date disclosures on contributions received by them.

The electronic filing system maintained by the National Audit Office made it possible for parties to enable party associations and affiliated entities to file their own up-to-date disclosures. In this case a party is responsible for establishing a party association's basic data in the electronic filing system. A party still has an obligation to see that disclosures are filed in accordance with the Act on Political Parties, however. Affiliated entities are added to the information system on the basis of notifications received by the National Audit Office. After this a user notified as a representative of an affiliated entity can file an up-to-date disclosure on behalf of an affiliated entity.

Up-to-date disclosures are included in a register from which everyone has the right to receive information and copies via the public data network.

1.2.2 Financial statements of a party and associations mentioned in a party subsidy decision

A party must send the National Audit Office financial statements with notes, an auditor's report, an itemisation of election campaign costs and funding, accounts regarding the use of state aid and the information contained in the up-to-date disclosures prescribed in section 8 c of the Act on Political Parties for the party and associations mentioned in a party subsidy decision as referred to in section 9 b of the Act on Political Parties. The party is thus responsible for filing the above-mentioned information for these organisations. The Act on Political Parties contains provisions on the filing of information.

The filing of financial statements thus applies to a party and associations mentioned in a party subsidy decision. Other party associations do not need to send the above-mentioned information to the National Audit Office.

A party sends the National Audit Office an auditor's report, financial statements with notes and the accounts referred to in section 9 a (1) of the Act on Political Parties regarding the use of state aid, information contained in up-to-date disclosures and an itemisation of election campaign costs and funding for the party and an association referred to in a party subsidy decision. According to rules issued by the National Audit Office (361/41/2011), election campaign costs and funding must in future be itemised and filed on an electronic form approved by the National Audit Office.

A party's financial statements with notes, auditor's report, accounts regarding the use of state aid and information contained in up-to-date disclosures are sent to the National Audit Office via an electronic disclosure sys-

tem maintained on the public data network.

The National Audit Office's electronic disclosure system makes it possible for an association mentioned in a party subsidy decision to send the above-mentioned documents in file form to the party and for the party to approve them for forwarding to the National Audit Office.

Itemisations of election campaign costs and funding must be sent to the National Audit Office on an electronic form in connection with the closing of the books for the year when an election was held. Itemisations of election campaign costs and funding for the 2012 presidential and municipal elections were therefore sent in connection with financial statements for 2012.

The National Audit Office publishes the information it receives without delay. Documents are published in the form in which they are sent.

1.2.3 Financial statements of affiliated entities

An entity affiliated with a party is a corporation or foundation or a trust of a corporation or foundation that a political party, with the consent of the corporation or foundation in question, reports to the National Audit Office of Finland as being an entity affiliated with the party. Section 8 a (1) of the Act on Political Parties gives only parties the possibility to report a corporation or foundation or trust of a corporation or foundation as an entity affiliated with the party, with its consent. Consequently only a party entered in the Party Register maintained by the Ministry of Justice can report other corporations, foundations or trusts as its affiliated entities. An

association that has not been entered in the Party Register cannot have affiliated entities as referred to here that it has reported itself.

A corporation or foundation that has been reported as an entity affiliated with a party sends the National Audit Office its auditor's report and financial statements with notes, an itemisation of the contributions it has received and an auditor's statement regarding whether the affiliated entity's activities have complied with the provisions in the Act on Political Parties regarding financial support and related restrictions. An entity affiliated with a party is thus responsible for filing this information. The corporation or foundation whose trust has been reported as an entity affiliated with a party files the documents.

Information is sent to the National Audit Office in electronic form through an online service maintained by the office. With the exception of the itemisation of contributions, information sent to the National Audit Office is not included in the disclosure register maintained by the office. Information and documents can only be filed electronically.

The obligation to file financial statements for an entity affiliated with a party begins with the fiscal year during which it was reported to the National Audit Office as an affiliated entity.

1.3 Interpretation situations regarding the filing of information

Essential ambiguities regarding financial statements did not come to light in the information filed for 2011, with the exception of situations in which signed final accounts were not submitted to the National Audit Office. In addition, one non-parliamentary party failed to submit their financial statements for 2012. As part of its monitoring duty, the National Audit Office ensures that financial statements are submitted.

A party, a party association and an entity affiliated with a party must file a disclosure if a contribution from the same donor is at least 1,500 euros in a calendar year. The term financial support is defined in the Act on Political Parties.

All contributions in the form of money, goods, services or other such performances are regarded as financial support. However, the following performances, which have not been deemed a risk in terms of ties, are not regarded as financial support.

1 Ordinary voluntary work and ordinary free services

The justification for excluding ordinary voluntary work and ordinary free services from the disclosure obligation is practical. Voluntary work and various free services such as discounts are quite difficult to evaluate, nor would disclosures be commensurable if such evaluations had to be made in disclosures. Furthermore the changed nature of voluntary work must be taken into consideration. Nowadays expertise is more important in campaigns than time spent.

Ordinary voluntary work is work done freely without pay. Work is regarded as voluntary as long as it is unpaid, even if it involves a professional. If someone else besides a candidate pays a professional when he/she works on a campaign, this cannot be regarded as voluntary work but as financial support provided to the candidate by a donor.

Only a natural person can do voluntary work. Unpaid services provided by businesses, such as hanging banners, are always financial support.

2 Market-valued performances that relate to the ordinary organisational activities or management of the property of a political party or a party association

The restriction concerns performances received from outsiders that are connected to the everyday management of an association's activities and finances, such as an association's tasks as an employer and controller of fixed assets. Such performances can, for example, be payments received from the sale of an office or office equipment owned by a party. The requirement is that a performance is according to the market value, however.

Ordinary performances such as insurance and damage compensation are also considered as being related to the management of property. Performances related to raising election campaign funds fall within the sphere of financial support that must be disclosed, however. Ticket receipts from an election seminar are not performances that relate to ordinary organisational activities, for instance.

The evaluation of ordinary organisational activities is based on activities that are ordinary in all organisations and associations. In this connection consideration cannot be given to all the forms of collecting funds that are typical for political parties and party associations, although these organisations consider them part of ordinary activities. In its report to Parliament on the monitoring of party funding (R 6/2012) the National Audit Office cited compulsory contributions collected by parties and party associations from elected persons as an example. The National Audit Office considered that, from the viewpoint of the Act on Political Parties, these should be interpreted as contributions to a party by a private individual. According to a report submitted by the Audit Committee (3/2012), compulsory contributions collected from elected persons at the municipal level can, however, justifiably be regarded as market-valued performances that relate to the ordinary organisational activities of a political party as long as they are not used to collect funds for an election campaign.

In its report on monitoring party funding K 5/2013, the National Audit Office recommended that since compulsory contributions collected from elected persons are a significant funding source for party associations, such contributions could be included in the final accounts.

3 Contributions that a political party and a party association receive from each other

These are transfers within a party organisation and therefore do not present a risk of ties with outside donors. They can involve the distribution of party subsidies or membership fees between a party and party associations, for example.

4 Income from permanent, market-based business activities carried out by a political party or a party association

Permanent business activities mean ongoing activities that are carried out on the general market and on market terms. The idea is that parties and party associations should not be placed in an unfavourable position while engaging in permanent, market-based business activities.

Business activities that are of a temporary nature are not permanent activities. For instance, business activities connected with funding an election campaign are not permanent. Even if collecting funds for an election campaign were of a longer-term nature and carried out on the general market, it is generally not on market terms. Giving funds to an election campaign is a typical means of supporting a party. For example, ticket receipts from seminars arranged to finance a campaign or from the sale of pictures for this purpose are not income from permanent business activities.

The nature of business activities may be difficult to evaluate in practice. A party may, for instance, sublease facilities. One must then examine whether activities are market-based. If the price includes a substantial premium, activities cannot be considered market-based. In this case at least the premium must be evaluated and reported as financial support.

5 Income from investment activities carried out by a political party or a party association

This includes dividends and interest on deposits as well as rent income on property owned by a party, for example. The condition is that it specifically involves investment activities carried out by a party.

6 A party subsidy referred to in section 9 of the Act on Political Parties or some other subsidy based on legislation or the state budget or a municipal budget

The granting of such a subsidy is based on conditions prescribed in an Act or decided in the budget. In practice a subsidy is granted in a decision, which can be appealed. Funds granted on the basis of the Act on Slot Machine Funding Assistance (1056/2001) are also based on legislation, for example.

Other performances must be interpreted as financial support according to the Act on Political Parties.

The Act on Political Parties also contains restrictions on receiving financial support. A contribution cannot be accepted if the identity of the donor cannot be determined. This does not apply to contributions received from ordinary fund-raising activities, however. The Constitutional Law Committee has nevertheless emphasised that the obligation to determine the identity of a donor should be interpreted with a sense of proportion. Determining the identity of a donor means primarily asking the sender or giver of a contribution the original source of a contribution if there is reason to suspect that the giver is acting as an intermediary. This also concerns the obligation of the giver. According to the committee's report (3/2010), the obligation to determine the identity of a donor increases with the value of a contribution. If a donor cannot be identified or an intermediary refuses to disclose the source of a contribution, a contribution cannot be accepted.

Financial support exceeding a value of 30,000 euros cannot be accepted from the same donor in a calendar year. This ceiling is donor- and recipient-specific. The same donor can thus support more than one party association affiliated with the same party as

long as the financial support given to each recipient does not exceed the limit set in legislation. The ceiling does not apply to financial support provided by an entity affiliated with a party to a party or a party association or to financial support left in a will.

The Act on Political Parties contains a ban on receiving foreign contributions. The purpose is to restrict improper foreign influence on political activities in Finland. The ban does not concern contributions from private individuals or from international organisations and foundations that represent a party's political orientation. Regulation thus allows receiving financial support from a party's European umbrella organisation or through a party's own parliamentary group in the European Parliament, for example.

Contributions may not be received from the state, a municipality, a federation of municipalities, an unincorporated state or municipal enterprise, an association, institution or foundation operating under public law, or a state- or municipal-controlled company. This prohibition does not apply to the use of facilities or ordinary hospitality, however, for example when a party association meets in a municipality's facilities or coffee is served.

Chapter 1 section 5 of the Accounting Act (1336/1997) contains provisions on control of a company. State- or municipal-controlled companies can include state-owned companies and water and power companies owned by a municipality or municipalities.

Associations and foundations are considered as operating under public law if they have been set up for a specific purpose in an Act or Decree. Examples are student unions and chambers of commerce. The prohibition also applies to independent institutions such as the Social Insurance Institution and the Bank of Finland.

2 The National Audit Office's role in monitoring party funding

2.1 Scope of monitoring

On the basis of section 9 e of the Act on Political Parties (10/1969) the National Audit Office monitors compliance with the provisions in the Act concerning financial support, the disclosure of election campaign costs and funding and the preparation and submission of related documents and information in the activities of a party, an entity affiliated with a party and an association referred to in a party subsidy decision (supervised entity). In this task the National Audit Office can examine a supervised entity's accounting and use of funds and if necessary urge a supervised entity to fulfil its obligations under the Act.

The National Audit Office can require a supervised entity to fulfil its obligations on pain of a penalty if documents or information in spite of the office's urging have not been sent, corrected or supplemented or their correctness and adequacy have not been clarified and the breach is considered substantial. The Sanction and Penalty Board referred to in section 15 of the Act on the National Audit Office can order payment of a penalty (676/2000). The imposing of a penalty and the ordering of payment of a penalty can be appealed to the Supreme Administrative Court as prescribed in the Administrative Judicial Procedure Act (586/1996).

The monitoring conducted by the National Audit Office is subject to the provisions in the Act on the National Audit Office.

The National Audit Office submits an annual report to Parliament on its activities in monitoring the Act on Political Parties.

Through its monitoring activities and the publication of disclosures based on the Act on Political Parties the National Audit Office helps create preconditions for the transparency of party funding so that citizens can evaluate parties' ties.

Political parties, associations mentioned in a party subsidy decision as referred to in section 9 of the Act on Political Parties and entities affiliated with a party fall within the sphere of the auditing right prescribed in the Act on Political Parties.

It should be pointed out that the National Audit Office has the right to audit party subsidies on the basis of the Act on the National Audit Office (676/2000). Since the Ministry of Justice acts as the primary monitor of discretionary government transfers, the National Audit Office's role in this respect is secondary.

The number of parties entered in the Party Register is 16, of which eight are represented in Parliament and thus have the right to receive state subsidies. Parties receiving subsidies have around 115 district organisations and six separate women's organisations. Twelve entities affiliated with a party had been reported to the National Audit Office by the end of January 2014, of which two in 2013. The total number of supervised en-

tities according to the Act on Political Parties and funding decisions is therefore about 150.

In its activities in monitoring the Act on Political Parties the objective in the National Audit Office's long-term planning is for the National Audit Office to be able to carry out audits of all supervised entities in six years. In long-term planning the obligation to

keep vouchers as referred to in the Accounting Act (1336/1997) must be taken into consideration. In planning, consideration can be given to the picture formed on the basis of audit findings concerning different actors' inherent risk and control risk. The number of audits will, however, depend on the office's resources.

2.2 The National Audit Office's measures in monitoring party funding

The Act on Political Parties states that the National Audit Office can issue rules regarding the filing of up-to-date disclosures (section 8 c), the itemisation of election campaign costs and funding (section 9 b) and the submission of financial statements (section 9 d).

On the basis of the Act on Political Parties the National Audit Office has issued the following rules and guidelines:

- National Audit Office's rules regarding the filing of up-to-date disclosures as referred to in section 8 c of the Act on Political Parties (360/41/2010)
- National Audit Office's general guidelines regarding the filing of up-to-date disclosures as referred to in section 8 c of the Act on Political Parties (358/41/2010)
- National Audit Office's rules regarding the itemisation of election campaign costs and funding as referred to in section 9 b of the Act on Political Parties and the submission of information as referred to in section 9 d (1) of the Act on Political Parties (361/41/2010)
- National Audit Office's general guidelines regarding the itemisation of election campaign costs and funding as referred to in section 9 b of the Act on Political Parties and the submission of information as referred to in section 9 d (1) of the Act on Political Parties (356/41/2010)
- National Audit Office's rules regarding the submission of financial statements and other information for an entity affiliated with a party as referred to in section 9 d (2) of the Act on Political Parties (359/41/2010).

Rules and guidelines have been sent to parties. Guidelines are also available in the FINLEX database and on the website maintained by the National Audit Office at www.vaalirahoitusvalvonta.fi.

In addition the National Audit Office approved guidelines on appeals to the National Audit Office concerning party funding (312/41/2010). These guidelines were repealed in January 2014 and replaced by new ones, which combine the guidelines on appeals issued on 1 August 2012 (245/01/2012), the guidelines on submitting an appeal concerning party funding issued on 11 October 2010 (312/41/2010), and the guidelines on submitting appeals concerning a candidate's election funding issued on 4 May 2009 (97/82/2009). The new guidelines on appeals (02/01/2014) entered into force on 31 January 2014.

The National Audit Office has maintained an advice service that went into operation in 2010. In addition, the National Audit Office has provided advice on matters open to interpretation on the monitoring website. Advice has also been provided by e-mail. Questions and answers deemed to have broader significance in guiding interpretations have been published on the website. The National Audit Office has also arranged open discussion and training sessions for all parties regarding the implementation of the Act on Political Parties, most recently on 13 December 2013.

The information system that was procured to allow the National Audit Office to carry out its tasks under the Act on a Candidate's Election Funding and the Act on Political Parties is used to receive and publish election fun-

ding disclosures as well as the disclosures prescribed in the Act on Political Parties. In the electronic filing procedure, a person who has logged in and completed an election funding disclosure can publish the disclosure on the monitoring website, so that all disclosures have a uniform appearance. Disclosures received in paper form are recorded in the information system by the National Audit Office without delay. With regard to the filing of information prescribed in the Act on Political Parties, the aim was a completely electronic filing system.

The system has been able to receive disclosures according to the Act on Political Parties in electronic form since 1 January 2011. Ensuring the effectiveness and usability of the information system remains a priority, and efforts to develop the system were launched in autumn 2013.

The National Audit Office conducted 25 audits of party funding in 2013. This figure in 2012 was 20. The audit procedure and major findings are described in section 3. A list of audits is appended to this report.

2.3 Audit objectives and criteria

The objective of the party funding audit conducted in 2013 was to determine whether the

- audited entities' statutory disclosures provide true and fair information based on accounts regarding party funding and compliance with restrictions according to provisions and from the viewpoint of monitoring needs
- audited entities have complied with key provisions on party funding and related restrictions.

Audit criteria were specified on the basis of the Act on Political Parties. Special attention was paid to compliance with ceilings on received contributions and restrictions on financial support stipulated in provisions.

The audited entities comprised all parliamentary parties, their district organisations in Tampere region and Helsinki, and two foundations. In case of parties, the period covered by the audit was 1 September 2012–31 August 2013. This period included the submission of financial statements and auditor's reports for 2012, itemisations of election campaign expenses and funding, and essential accounting transactions from the viewpoint of the Act on Political Parties for one year.

The audit of district organisations covered final accounts data submitted to the party funding system relating to 2011 and 2012, accounts and statements of account for 1 Jan 2011–31 Aug 2013, and any up-to-date disclosures and disclosures concerning election funding in the parliamentary and municipal elections.

The audits of affiliated entities concerned new affiliated entities reported since the 2012 audit and the period after they had been re-

ported as affiliated entities. Both new affiliated entities audited are foundations.

Audits were conducted in autumn 2013, with audited entities being informed in advance in May 2013.

The following matters were taken into consideration in focusing audits:

- the general arrangement of accounting and payment transactions as well as fund management and
- the itemisation method of funding and costs in accounting from the viewpoint of the Act on Political Parties (for example, bank accounts and cash funds, collections, account statements, deeds of donation)
- compliance with the restrictions on financial support in the Act on Political Parties in parliamentary parties during the period 1 September–31 December 2012, in district organisations during the period 1 January–31 August 2013 and in new affiliated associations during the period in which they have been affiliated associations
- coverage of up-to-date disclosures on the basis of accounting and checks of disclosures' information content
- the monitoring of non-monetary contributions and their consideration in the disclosure procedure
- procedures related to parties' obligations to make sure that local associations' disclosures are filed properly
- comparison of the information in disclosures submitted by a party and an affiliated entity or other organisation
- propriety of statements in an auditor's report from the viewpoint of the Act on Political Parties and if necessary examination of the content of a financial audit.

2.4 Limits of monitoring

From the viewpoint of interpreting the results of the monitoring conducted by the National Audit Office, essential limits regarding the monitoring system should also be pointed out.

The most significant limit for the transparency of party funding as a whole concerns the small amount of monitored organisations in relation to the total number of party associations. On the basis of the Act on Political Parties the National Audit Office is only responsible for monitoring parties, associations

mentioned in a party subsidy decision and entities affiliated with a party. The total number of entities to monitor is approx. 150. Other party associations are not monitored by the National Audit Office. As a result, most party associations or about 6,000 associations remain outside the scope of monitoring. Monitoring these would also be a very significant resource question.

3 Disclosures received by the National Audit Office and measures regarding them

3.1 General description of the audit

The National Audit Office has monitored the filing of disclosures and documents regarding party funding in the electronic party and election funding system. The office has if necessary urged supervised entities to supplement or correct disclosed information and to supply missing documents.

On the basis of section 9 e (2) of the Act on Political Parties (10/1969, amended 683/2010), the National Audit Office has conducted audits of all the parties represented in the Parliament, their district organisations in Tampere region and Helsinki, and new entities reported as being affiliated with a party. The audit of affiliated entities concerned new affiliated entities reported after the previous audit that had the status of affiliated entities during the period 1 September 2012–31 August 2013. The audits examined the general arrangement of accounting and payment traffic as well as fund management, the itemisation of funding and costs in accounting, and attention to restrictions on financial support in parties in the period 1 September 2012–31 August -2013, in district organisations in the period 1 January 2011–31 August 2013, and in affiliated entities during the time they have been affiliated entities.

Audits of party and organisation funding concerned 8 parties, 15 district organisations and 2 affiliated entities reported by parties. The total number of audits was 25, while it

was 20 in the year before. The audited entities were informed of the audits in May 2013, they submitted the requested materials to the National Audit Office before the audits, and the audits were conducted according to the audit plan in September–October 2013.

A draft feedback memorandum concerning each audit was sent for comments at the end of November 2013. and final feedback memorandums were sent to audited entities on 09/12/2013. Preliminary audit findings were presented at a discussion and information session that was arranged for audited entities on 13/12/2013, Audited entities were asked to send comments to the National Audit Office by 06/01/2014. The feedback that was received, or mainly reports of actions taken after the draft memorandum was completed and corrections of a technical nature, were taken into consideration in preparing this audit report.

3.2 Supervised entities' accounting and financial statement procedures

The National Audit Office's monitoring task does not directly concern audited entities' accounting arrangements. The office nevertheless publishes financial statements that are sent to it through the disclosure register according to law. The office's task includes monitoring the preparation and submission of the documents mentioned in the Act on Political Parties. Comments intended as recommendations can be presented concerning accounting arrangements and financial statement procedures.

The audit strove to examine parties' accounting arrangements expressly from the viewpoint of the monitoring of outside funding. It also sought to determine how reliably the actual amount of outside funding can be deduced on the basis of the information in accounts.

As in previous audits, the audit found that it is not possible to obtain a reliable overall picture of party funding simply by examining income financing and proceeds according to financial statements. The audited parties and other entities have many kinds of accounting transactions that are regarded as pass-through items. Determining their content nevertheless has significance from the viewpoint of financial support as referred to in the Act on Political Parties. The Accounting Act allows different procedures that reduce the net volumes of accounts, which can influence conclusions drawn from financial statements and thus comparisons between different organisations. In cases where these exceptional procedures have been resorted to, it is not possible to form an adequate picture of the actual amount of parties' outside funding on the basis of the accounts.

According to Chapter 2 section 4 of the Accounting Act (1336/1997, amended 1304/2004), payments made in cash must be recorded in order without delay on a daily basis. Other entries can be made on a monthly or other such basis within four months of the end of the calendar month or period. The audit observed essential shortcomings in keeping accounts up to date in two cases in the district organisations. Under Chapter 1, section 1 (5) of the Accounting Act, the obligation to keep books applies to all associations, and under section 6 of this act, all foundations.

As previously, the audit drew attention to the information content of bank statements. When a party or another organisation has received several payments in its bank account, for example in the form of membership fees or donations, in some cases these have been presented in summary form on a bank statement. From the viewpoint of keeping accounts up to date, it is always necessary to present an adequate itemisation to ensure that individual contributions do not exceed the 1,500 euro threshold for an up-to-date disclosure.

Some bank statements were found to be missing in the audits. The audited entities were asked to obtain these, and also certificates of balance for little used bank accounts. In one case, the account holder's name shown in the bank statements was not the same as the district organisation's registered name, and the organisation was urged to sort it out with the bank.

The audit uncovered contract arrangements and procedures on the basis of which it was unclear whether the payments consti-

tuted financial support for a party. Special attention should be paid to documenting the content of transactions. Such transactions included loans as well as service and lease agreements with cooperation partners or companies controlled by a party and mutual assistance, unitemised cash fund accounts and a payment from an insurance company with inadequate documentation. In a loan situation, if a party does not pay its debt, writing off a debt can constitute financial support for a party.

The content and scope of the financial statements that were sent to the National Audit Office varied. The financial statements sent to the National Audit Office are public documents as referred to in the Act on the Openness of Government Activities (621/1999) and as such are published. Since financial statements are published in the public data network in accordance with the Act on Political Parties, they should not include non-public information such as ID numbers or bank account numbers. On the other hand the financial statements that are sent to the electronic party funding register should be complete, or in other words include all the numbered pages in financial statements. In connection with financial statements, a party should send copies of the original signed documents to enable the National Audit Office to verify that the documents are final.

The openness to interpretation of section 9 a (1) of the Act on Political Parties with regard to the application of new financial statement obligations was apparent in the audit in that the interpretation of the information that must be presented in connection with financial statements varied.

The audit observed situations in which the openness to interpretation of the economic boundaries of a party or another organisation is also reflected in accounting. For example, the line between a party and its parliamentary group or between a parliamentary group and Parliament has been open to interpretation. The position of the parliamentary groups has changed somewhat, however, since the Act on Parliamentary Groups (979/2012) was approved on 28 December 2012 and entered into force on 1 January 2013.

3.3 Supervised entities' auditor's reports

The provisions in section 9 c of the Act on Political Parties regarding the arranging of financial audits entered into force on 1 January 2011. These provisions apply to financial audits for a party receiving a party subsidy, an association mentioned in a party subsidy decision and an entity affiliated with a party. They do not apply to parties that do not receive subsidies.

According to the Accounting Act not all associations are required to elect a certified auditor. Instead some associations, to which section 9 c of the Act on Political Parties does not apply, can elect a non-certified auditor, who prepares an auditor's report. The election of a non-certified auditor has not been taken into consideration in the Act on Political Parties, which only speaks of an auditor's report. The National Audit Office also publishes reports prepared by non-certified auditors, however.

According to section 9 c of the Act on Political Parties, the auditor of a party or an association referred to in a party subsidy decision must be an authorised auditor or in practice an authorised public accountant, a certified public accountant or a chartered public finance auditor or a corresponding authorised firm. In an auditor's report, in addition to what is prescribed in the Accounting Act, an auditor gives an opinion on,

- 1 whether the provisions in the Accounting Act and the conditions in a party subsidy decision have been complied with in the use of a party subsidy and related reporting and
- 2 whether the provisions in the Act concerning financial support and restrictions on financial support as well as the disclosure of election campaign costs and funding have been complied with

In addition to what is prescribed in the Accounting Act, the auditor of an entity affiliated with a party or a corporation or foundation with a trust that is an affiliated entity gives an opinion on whether the provisions in the Act concerning financial support and restrictions on financial support have been complied with in the affiliated entity's activities.

With regard to section 9 c of the Act on Political Parties, the audit observed that the application of new auditing obligations from 1 January 2011 remains varied. The financial audits of some party associations for 2012 were performed by non-certified auditors. The content of statements in auditor's reports also varied and did not always comply with section 9 c of the Act on Political Parties. Furthermore the auditors of some party associations have issued separate statements or notifications. Statutory statements had also been issued after the audits. Some of the audited entities had a performance audit report as well as a financial audit report.

The objective of the Act on Political Parties is that the monitoring of the Act's provisions should be based essentially on audits of political parties receiving state subsidies and their district organisations and women's organisations that are conducted by their own auditors. The Act's special provisions regarding audits do not apply to parties' core organisations or local associations. The monitoring of party organisations thus depends largely on the election of professional auditors with the necessary expertise and knowledge of their tasks and reporting requirements. According to the National Audit Office's findings, this has not always been the case in all respects, as shortcomings were frequently observed in the auditor's reports for supervised entities. Consequently, in this respect the supervision system has not yet worked as intended.

3.4 Filing of financial statements and information concerning election campaign costs and funding by supervised entities

According to Chapter 3 section 6 of the Accounting Act (1336/1997), final accounts must be prepared within four months of the end of the accounting period. According to section 9 d of the Act on Political Parties, a party must submit financial statements together with the information referred to in section 9 a (1) of the Act on Political Parties to the National Audit Office within three months of the approval of accounts. Financial statements and information for an association referred to in a party subsidy decision must be submitted within one month of the approval of accounts and the documents required of an affiliated entity within three months of the approval of accounts.

Nearly all the financial statements referred to in the Act on Political Parties concerning 2012 together with information on election campaign costs and funding were sent to the electronic party funding register maintained by the National Audit Office. Some information was not received by the system until the audit was under way.

The itemisation of election campaign costs and funding should be traceable from bookkeeping and other accounts and should be reconcilable with them. Careful documentation of what itemisations are based on would also facilitate the drawing up of the itemisation and retrospective verifications of the data, but in reality, the documentation practices vary.

The National Audit Office sent to 15 entities liable to submit their final accounts, or some 10 per cent of the supervised entities, a request to submit the missing final accounts data. Apart from one non-parliamentary party, all final accounts data were received during the year 2013. Two letters related to im-

posing a conditional fine and one decision to impose a conditional fine were sent. In these cases, too, the final account data were received before the deadline.

On request by the Finns Party and under section 51 of the Administrative Procedure Act (434/2003), the Prime Minister's Office amended the decisions on granting discretionary government transfers to parties for political activities pursuant to section 9 of the Act on Political Parties. These decisions were VNK/1816/25/2010 (for the period 1.1.2011–30.4.2011), VNK/403/25/2011 (for the period 1.5.2011–31.12.2011), VNK/1664/25/2011 (for the period 1.1.2012–31.12.2012) and VNK/1866/25/2012 (for the period 1.1.2013–31.12.2013). After receiving a letter to this effect, the National Audit Office added Perussuomalaisten Helsingin piiri ry in its party funding register, and Helsingin Perussuomalaiset ry was substituted by this name in the decisions. The final account data of Perussuomalaisten Helsingin piiri ry were submitted to the register. The district organisation's audit report for 2012, which was dated 10 January 2014, was submitted in January 2014. The incorrect information on Helsingin Perussuomalaiset ry submitted by the party have been removed from the system.

All the financial statements referred to in the Act on Political Parties could not be obtained electronically without difficulty and corresponding to the original document, and it was necessary to request for this information, and in exceptional cases it still had to be scanned into the system at the National Audit Office. It should be pointed out that other documents besides those required by legislation are not published in the electronic party funding register.

3.5 Up-to-date disclosures together with supplements

On the basis of section 8 c of the Act on Political Parties, a party, a party association and an entity affiliated with a party must file a disclosure to the National Audit Office regarding the amount of a contribution and the donor. If the value of an individual contribution or several contributions received by a party, a party association or an entity affiliated with a party from the same donor is at least 1,500 euros in a calendar year. An up-to-date disclosure must be supplemented if after a disclosure has been filed or supplemented the value of contributions received from the same donor exceeds 1,500 euros. Thus more than one disclosure may have to be filed regarding contributions from the same donor.

In 2013 contributions totalling 2,448,822.80 euros were reported in up-to-date disclosures that were received from all party associations and affiliated entities. The amount of similar disclosures relating to 2012 was 3,088,723.73 euros, and ones relating to 2011 totalled 2,607,556.17 euros. These figures are not directly comparable, as the disclosures may also be complemented in arrears. For example, the amount of disclosures relating to 2012 was as little as 2,563,535.48 euros in January 2013, and the figure for 2012 thus increased by more than 525,000 euros in the following year. Similarly, the amount of disclosures relating to 2011 totalled as little as 2,481,677.15 euros in January 2013, and the figure for 2011 thus continued to increase by more than 125,000 euros in the following year. Some of the complementary disclosures were a result of the audits of party funding completed in the last three years. The up-to-date disclosures published in the register

for party funding show any complementary disclosures made after the deadline referred to in the Act on Political Parties.

The audit found that most of the contributions received by supervised entities were reported in up-to-date disclosures filed in the electronic register maintained by the National Audit Office. Contributions as referred to in the Act on Political Parties that were not reported to the system nevertheless came to light. According to the picture formed in the audit, in some instances failures to disclose were due to carelessness.

Supervised entities were asked to complement and correct the disclosures during the audits.

The audit also sought to determine how parties have ensured that party associations' up-to-date disclosures are filed properly. On the basis of the audit, the office recommends that parties should inform their local associations more systematically regarding the obligations in section 8 c of the Act on Political Parties and, if necessary, agree on a division of labour to ensure that the disclosing procedure works in practice.

Some types of performances that were not reported are open to interpretation but most often were legal performances as referred to in the Act on Political Parties that must be reported and have not been listed as exceptions in the Act. Audited entities usually considered such performances or other benefits that can be valued in money pass-through items or transactions based on an agreement.

Up-to-date disclosures did not always include payments for advertisements, support received for training and related materials, rent received or rent deviating from the nor-

mal price level, partial payment of wages, and, for example, contributions collected from members of the Parliament. From the viewpoint of monitoring it is necessary to interpret to what extent payments or benefits that can be valued in money are financial support and to what extent they are part of ordinary activities, which are permitted. The essential thing, however, is that the Act on Political Parties is aimed at the transparency of funding, which is implemented with up-to-date disclosures. If an organisation referred to in the Act on Political Parties is involved in different types of funding and agreement arrangements, it should also evaluate whether this constitutes financial support as referred to in the Act on Political Parties.

In the course of the audit parties and other organisations made numerous new up-to-date disclosures. Some of these were also quite considerable in amount. If monetary or non-monetary support is considerable, the need may arise to report a new affiliated entity to the National Audit Office.

During the audit, audited entities were urged to monitor contributions they received cumulatively in order to comply with disclosure thresholds and ceilings.

Even if it is not necessary to declare contributions from elected persons in the up-to-date disclosures, they have considerable financial significance. According to information obtained from the Tax Administration, the amounts of contributions collected from elected officials totalled 7,058,713 euros in 2012, 6,084,600 euros in 2011 and 5,670,500 euros in 2010.

On the basis of the audit, other than direct monetary support was minor. However, it emerged in the course of the audits that the facilities used by a certain district organisation had been made available for it by a foundation reported as an affiliated entity in 2013. While the district organisation had paid management charges to the housing company for the facilities, no rent had been paid. No up-to-date disclosures had been made for the considerable financial support received as the difference between the commercial rent and the management charges before the audit, but they were made after the audit. A case also emerged in the course of the audits where a party had received a donation of shares that exceeded the disclosure threshold. The donation was entered in the accounts, but no up-to-date disclosure had been made. However, the disclosure was made after the audit.

All the up-to-date disclosures that were prepared and supplemented during the audit were published in the register on the website maintained by the National Audit Office. If a disclosure was prepared or supplemented after the deadline referred to in the Act on Political Parties, this is also indicated.

3.6 Compliance with restrictions of support

Section 8 b of the Act on Political Parties contains restrictions on receiving financial support, which were also covered by the audit.

A party, a party association and an entity affiliated with a party may not receive a contribution if the identity of the donor cannot be determined. This does not apply to contributions received from ordinary fund-raising activities, however.

A party, a party association and an entity affiliated with a party may not receive contributions exceeding a value of 30,000 euros from the same donor in a calendar year. This does not apply to financial support provided by an entity affiliated with a party to a party or a party association or to financial support left in a will, however.

A party, a party association and an entity affiliated with a party may receive foreign contributions only from private individuals and from international organisations and foundations that represent a party's political orientation.

A party, a party association and an entity affiliated with a party may not receive contributions from the state, a municipality, a federation of municipalities, an unincorporated state or municipal enterprise, an association, institution or foundation operating under public law, or a company controlled by the state or a municipality in the manner referred to in Chapter 1 section 5 of the Accounting Act. This does not apply to the use of facilities or ordinary hospitality, however.

A party and a party association must make sure that a paid advertisement that is part of an election campaign or intended to support it shows the name of the person paying for the advertisement. The name of a private individual may not be published, however, wit-

hout his or her express consent if the value of an advertisement paid for by him or her is smaller than 1,500 euros.

According to section 8 b of the Act on Political Parties, foreign contributions can only be received from private individuals and from international organisations and foundations that represent a party's political orientation. However, contributions from abroad were also uncovered in the audits. Payments had come from the European Parliament and the Nordic Council through intermediaries. These can be considered prohibited contributions at least in part, since the Act on Political Parties does not contain exceptions regarding support paid by international organisations.

No wills, payments or funds not included in accounts were observed in the audit. A donation of shares received by a party that exceeded the disclosure threshold was uncovered in the audit, for which an up-to-date disclosure has since been made.

It had emerged in a previous audit that an envelope containing money had been handed to the chairperson of a party, without the party being able to discover the identity of the donor. According to section 8 b of the Act on Political Parties, a contribution cannot be received from an unknown person, but the Act does not say what should be done with this kind of contribution. To comply with the spirit of the law, the party was urged to turn over the money to the police or to the regional state administrative agency. The party has since handed the money and the envelope to the police, who have treated the money as an institutional find referred to in the Lost Property Act.

No contributions and non-monetary support exceeding 30,000 euros from organisations that had not been reported as entities affiliated with a party were observed in the audits for 2013. Neither have new affiliated entities been reported to the National Audit Office since the audits.

The audit indicated that in principle parties and other organisations have filed up-to-date disclosures regarding donations, contributions from affiliated entities and different types of participation charges. The volumes reported during the audit have increased.

As has been noted before, the audits discovered that organisations had received financial support or similar performances for which they did not file up-to-date disclosures. These included at least rent and salary support, payments for advertisements and support for training and related materials. As a result of the audit, organisations filed new or corrected disclosures that partly remedied the situation.

No payments that are prohibited in the Act on Political Parties and concerning which up-to-date disclosures had not been filed were observed in the audits. Cases involving performances of this type included an envelope containing money from an unknown donor, which was already observed in an earlier audit and which has since been handed over to the police, and compensation for travel and other expenses from abroad and from a parliamentary group. The position of the parliamentary groups remains subject to interpretation, but if they are regarded as part of the Parliament or the parliamentary community, without legislative amendments it is justifiable to consider compensation paid by parliamentary groups to parties as support from the state, which is prohibited in section 8 b of the Act on Political Parties.

Under section 8, subsection 2(1), ordinary voluntary work is not considered support, but the audit uncovered cases where the amount or value in euros of voluntary work was considerably high. These included significant legal or administrative work, and waiving performance fees that could be considered significant. The limits of ordinary voluntary work are subject to interpretation, but this matter is significant for determining when ordinary voluntary work becomes non-financial support.

Under section 8, subsection 2(6) of the Act on Political Parties, support granted under an act or a central or local government budget is not considered support. The auditors drew attention to the support received by certain district organisations in Helsinki from the municipality, but it is not within the National Audit Office's remit to evaluate the way a municipality's budget and procedures for granting support are documented. Because the support is shown as payments in the recipient's accounts, from the perspective of party funding, the recipient should in any case pay attention to the documentation and accounting entries related to the support.

In its report 9/2013 vp, the parliamentary Audit Committee highlighted as development needs in the supervision of party and election funding such aspects as prohibited support from the perspective of the employer's duties, funding from overseas institutions, funding for parliamentary groups and local councils, other public sector funding and the procedures for transferred support pass-through invoicing. Consequently, the Audit Committee report also takes into account observations made in the course of previous audits of party funding.

4 Conclusions and recommendations

Financial statements of political parties, associations referred to in a party subsidy decision and entities affiliated with a party were sent to the electronic party funding register. On the basis of section 9 d of the Act on Political Parties a party must submit financial statements within three months of the approval of accounts. Financial statements for an association referred to in a party subsidy decision must be submitted within one month of the approval of accounts. The role of the main user and the more punctual filing of information are important from the viewpoint of transparency.

As a rule, audited entities' bookkeeping had been managed properly so that monitoring of the provisions in the Act on Political Parties could be carried out on the basis of bookkeeping. It should still be emphasised, however, that all organisations with an accounting obligation must keep their bookkeeping up to date according to Chapter 2 section 4 of the Accounting Act (1336/1997, amended 1304/2004). Attention should also be paid to the itemisation, timeliness and quality of bookkeeping as well as the accounting of cash. The itemisation of election campaign costs and funding should be traceable from bookkeeping and other accounts and should be reconcilable with them.

Based on the National Audit Office's observations, the Audit Committee drew attention in its report 9/2013 vp to the possibility of requiring that, in addition to other final account documents, an organisation should send to the National Audit Office a review of operations or, instead of final accounts, a balance sheet book as referred to in Chap-

ter 3 section 8 of the Accounting Act containing any review of operations. This would harmonise the content of the documents that must be sent to the National Audit Office and the filing procedure. On the basis of Chapter 3 section 6 of the Accounting Act, the deadline for filing financial statements should be calculated as three months from the preparation of financial statements rather than from the subsequent approval of financial statements. In this case, the deadline would be unambiguous, documents would be sent to the National Audit Office much sooner, and the filing date would not be dependent on an organisation's activities. The National Audit Office would further like to highlight a need for reviewing the regulations.

The National Audit Office has observed shortcomings in the election of auditors or in the auditor's reports of numerous supervised entities. An authorised auditor as required by the Act on Political Parties has not been elected in all cases. The auditors of political parties, district organisations and associations mentioned in a party subsidy decision have not always included the statements prescribed in section 9 c of the Act on Political Parties in their auditor's reports. In other words, the primary monitoring system that mainly applies to organisations receiving state subsidies has as yet not worked as intended in this respect.

Attention should be paid to documenting financial transactions. The audit strives to determine the actual content of received contributions on the basis of available documentation. If documentation concerning the content of a contribution is lacking, a recei-

ved contribution can be interpreted as financial support that must be disclosed. Receiving pass-through items and compensation that may be open to interpretation should be avoided.

From the viewpoint of the Act on Political Parties, contributions in the form of money, goods, services or other such performances are regarded as financial support. Performances that are not regarded as financial support are specified in sections 8 and 8 a of the Act. The concept of financial support is thus quite broad from the viewpoint of the Act. Parties and party associations should constantly examine the contributions they receive on the basis of the concept of financial support specified in the Act on Political Parties. The party funding register is intended to promote transparency, and the nature of a received contribution can be clarified in disclosures with additional information. The concept of support should, however, be defined more accurately based on practical situations and observations made in the course of audits. In its report 9/2013 vp, the parliamentary Audit Committee also drew attention to needs to define this concept more accurately.

With regard to audited entities it can be noted that up-to-date disclosures together with supplements are correct in essential respects and provide correct information on financial support received by the supervised entities in essential respects.

Since compulsory contributions collected from elected persons are a significant source of funding for party associations, compulsory contributions could be presented in connection with final accounts.

Parties must ensure that party associations file up-to-date disclosures to the National Audit Office as necessary.

Unlike previous audits, the audit did not find substantial direct contributions unambiguously violating the restrictions in section 8 b of the Act on Political Parties which came from another organisation besides an entity affiliated with a party. For this reason, the actors should constantly evaluate whether different kinds of payments include financial support as referred to in the Act on Political Parties.

The audit observations indicate that exchange of information between the party, its party associations and affiliated entities should be stepped up. If the need for a new affiliated entity arises in a party or a party association, the party should report the new affiliated entity to the National Audit Office. If the support provided by the affiliated entity requires an interpretation of a foundation's charter or amendments to the rules, the party and the affiliated entity should consult the Finnish Patent and Registration Office on this matter.

List of audits

Helsingin Kokoomus ry	22.10.2013	Helsinki
Helsingin Perussuomalaiset ry	24.10.2013 och 15.11.2013	Helsinki
Helsingin Sosialidemokraatit - Helsingfors Socialdemokrater ry	23.10.2013	Helsinki
Helsingin Vasemmistoliitto ry	28.10.2013	Helsinki
Helsingin Vihreät ry	29.10.2013	Helsinki
Kansallinen kokoomus r.p.	24.9.2013	Helsinki
Keskustan Helsingin piiri ry	25.10.2013	Helsinki
Keskustan Pirkanmaan piiri ry	9.10.2013	Tampere
Perussuomalaiset r.p.	9.9.2013	Helsinki
Perussuomalaisten Pirkanmaan piiri ry	9.10.2013	Tampere
Pirkanmaan Kokoomus ry	16.10.2013	Tampere
Pirkanmaan sosialidemokraattinen piirijärjestö ry	18.10.2013	Tampere
Pirkanmaan Vasemmistoliitto ry	17.10.2013	Tampere
Pirkanmaan Vihreä liitto ry	10.10.2013	Tampere
Suomen Keskusta r.p.	10.9.2013	Helsinki
Suomen Kristillisdemokraatit (KD) r.p.	2.10.2013	Helsinki
Suomen Kristillisdemokraattien (KD) Helsingin piiri ry	31.10.2013	Helsinki
Suomen Kristillisdemokraattien (KD) Pirkanmaan piiri ry	16.10.2013	Mänttä-Vilppula
Suomen Sosialifemokraattinen Puolue r.p.	13.9.2013	Helsinki
Svenska folkpartiet i Finland r.p.	1.10.2013	Helsinki
Svenska folkpartiet i Helsingfors r.f.	30.10.2013	Helsinki
Turun Työväensäätiö	3.10.2013	Turku
Varsinais-Suomen Kansallissäätiö	3.10.2013	Turku
Vasemmistoliitto r.p.	12.9.2013	Helsinki
Vihreä liitto r.p.	19.9.2013	Helsinki



NATIONAL AUDIT OFFICE OF FINLAND
Antinkatu 1, P.O.BOX 1119, FI-00101 Helsinki
Tel. +358 9 4321, Fax +358 9 432 5820, www.vtv.fi

ISSN 1798-6435 (PDF)