

## The supervision of party subsidies

Finland grants government subsidies to support political parties. So-called party subsidies total about 18 million euros a year. In addition a corresponding amount is granted to parties to support their information activities and communications. According to the Act on Political Parties, the Ministry of Justice supervises the use of party subsidies and monitors compliance with provisions and regulations in parties' activities.

The National Audit Office has conducted an audit concerning the granting of party subsidies as well as the regularity of the use of subsidies and the functioning of supervision. The audit also produced findings concerning the supervision of parties' use of funds in general and made recommendations in this area.

The use of party subsidies was studied by examining parties' bookkeeping. A second part of the audit concerned measures related to the supervision of granted party subsidies. On the basis of the audit, party subsidies have been granted in a regular manner and the parties receiving subsidies have complied with conditions regarding their use. In the opinion of the National Audit Office, the Ministry of Justice has provided guidelines for and supervised the use of party subsidies as required by provisions.

The National Audit Office does not see any reason to maintain a separate state aid system for party subsidies. It therefore recommends that consideration be given to the question of whether procedures according to the Act on Discretionary Government Transfers should be applied to party subsidies and related procedures.

The National Audit Office considers that, as part of supervising parties' use of funds, the Ministry of Justice should audit bookkeeping down to the receipt level. The Ministry of Justice could take advantage of the possibility provided in the Act on Political Parties to appoint an outside auditor approved by the Central Chamber of Commerce for this task.

In the opinion of the National Audit Office, the transparency of parties' use of funds is promoted by the publicity of the use of funds. Consideration should be given to the publication of parties' final accounts by the Ministry of Justice.

In discussions that were conducted during the audit, the extension of the supervision of parties to the local association level was brought up. Parties have over 10,000 local associations in Finland, but their use of funds is mostly on a small scale. The National Audit Office considers that there is no point in supervising this use of funds with any state personnel resources.

The Group of States against Corruption, which operates under the Council of Europe, has recommended that Finland significantly increase the independent supervision of political funding. In the opinion of the National Audit Office, the supervision of party subsidies is by nature the supervision of regularity, in which there is no problem involving independence even if supervision has been conducted by the Ministry of Justice. According to general principles regarding public finances and the use of funds, the auditing of parties' accounts that is performed by the Ministry of Justice is the primary way to perform the supervision of parties' use of funds. The audit conducted by the National Audit Office is in turn a supreme external audit of public finances according to the Constitution, which primarily concerns the functioning of the supervision and audit system responsible for supervising the use of funds. The National Audit Office considers that the supervision of parties' use of funds should remain part of the duties of the Ministry of Justice.