



**The National Audit Office's report to Parliament
on the monitoring of election financing
in the 2009 European Parliament election**

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To Parliament

The National Audit Office has monitored compliance with the provisions in the Election Financing Act (273/2009) regarding election financing and the obligation to submit an election financing notification as prescribed in the Act.

On the basis of section 10:3 of the Election Financing Act the National Audit Office issues this report to Parliament on the election financing notifications it has received and its monitoring of compliance with the obligation to submit an election financing notification.

Helsinki, 4 January 2010

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Main content

All the persons required to submit an election financing notification in the 2009 European Parliament election, i.e. candidates who were elected as Members of the European Parliament and those who were designated as deputy members when the election results were confirmed, submitted an election financing notification as prescribed in the Election Financing Act. In handling and checking notifications, the National Audit Office did not become aware of any matters on the basis of which the National Audit Office should have taken further measures to investigate the correctness of election financing notifications. Notifications were prepared in accordance with the Election Financing Act with regard to details, and notifications contained statements concerning

all essential matters from the viewpoint of compliance with the Election Financing Act. Election financing notifications will be kept available to the public up to 10 June 2015.

As a result of checks the National Audit Office asked two persons to modify their election financing notifications by the deadline for submitting notifications. This was done orally and both persons modified their notifications without delay. Shortcomings were not essential.

The National Audit Office has not received complaints concerning election financing notifications for the 2009 European Parliament election.

The Election Financing Act was applied partially in the 2009 European Parliament election.

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1 Legislation applied in election financing notifications and the monitoring of election financing in the 2009 European Parliament election

1.1 General content of the Election Financing Act (273/2009)

The Election Financing Act entered into force on 1 May 2009 and was applied for the first time partially in the 2009 European Parliament election. With regard to the information required in election financing notifications, the provisions in the Election Financing Act were followed in the form they were given in Act 604/2008. On the basis of a provision regarding the entry into force of the Election Financing Act, certain key provisions on monitoring were not applied until after the 2009 European Parliament election.

The objective of the Act is to increase the openness of election financing and information regarding candidates' possible interests.

The Election Financing Act contains provisions on the financing of political activities. According to the commentary, a key objective of regulation is to prevent corruption and ensure adequate resources for the functioning of the political system so as to promote democracy and confidence in it. The obligation to submit an election financing notification increases public information regarding candidates' possible interests. It is also expected to curb the increase in candidates' campaign spending.

With the obligation to submit an election financing notification prescribed in legisla-

tion, any breach of this obligation is a risk to candidates. When the Election Financing Act was drafted, balance was sought between adequate regulation and resulting costs and drawbacks. Monitoring relies on voters' ability to evaluate candidates, provided they receive adequate information regarding candidates' interests and commitments to ceilings on campaign spending, for example. Election financing was not meant to take excessive attention from matters of substance, make it more difficult to recruit candidates or unnecessarily complicate the procurement of funds. The Election Financing Act does not include reporting obligations that could present a real obstacle to candidacy.

The objective of the Election Financing Act is to clarify the content of the obligation to submit an election financing notification. Considering the nature of political activity, the Act could not foresee every situation that might arise in its application. The aim of the Act is a notification system that is sufficiently comprehensive without placing an excessive burden on candidates. To ensure candidates' legal security and the comparability of notifications, the Act was intended to make the notification system as clear as possible.

1.2 Persons required to submit an election financing notification in the 2009 European Parliament election

The persons required to submit an election financing notification in the 2009 European Parliament election were candidates who were elected as Members of the European Parliament and those who were designated

as deputy members when the election results were confirmed.

A total of 19 persons were required to submit an election financing notification in the European Parliament election.

1.3 Information required in election financing notifications

With regard to the minimum information required in election financing notifications in the European Parliament election, sections 3:1 and 3:2 of the Act on the Disclosure of Election Financing (414/2000) were applied in the form they were given in Act 604/2008. In the European Parliament election the information that was required was thus narrower than the minimum information specified in the new Election Financing Act.

Candidates were required to disclose total campaign expenditure as minimum information. Campaign expenditure was to include any costs arising during a campaign whose functional purpose was to promote a candidate's election and which a candidate could influence personally. Total campaign expenditure had to be disclosed at least for the period from the submission of candidate lists up to election day.

Persons required to submit an election financing notification in the 2009 European Parliament election were not required to itemise campaign expenditure. If they wished, however, they could break down campaign expenditure into election advertising in newspapers, free papers and magazines, on radio, on television and in data networks and other media, outdoor advertising, election newspapers, brochures and other printed materials, the planning of advertising, costs for election events and other costs according to the structure for itemising expenditure in the Election Financing Act.

Persons required to submit an election financing notification were required to disclose election financing broken down into the candidate's own funds and outside support obtained by the candidate, the candidate's support group or some other association established to support the candidate. Outside support was to be broken down into the following categories for the candidate and the candidate's support group:

- private persons
- enterprises
- party organisations
- other major donors.

Support could include money, goods, services or some other performance provided without payment. The Act excluded ordinary volunteer work and ordinary free services. Support also had to be disclosed if it was provided by purchasing particular goods or services.

The obligation to itemise election financing in the 2009 European Parliament election did not apply to loans received by a candidate.

Persons required to submit an election financing notification had to specify the value of each individual contribution and the name of the donor if the value of a contribution amounted to 3,400 euros or more. Several contributions from the same donor to cover a candidate's election expenditure had to be added together and notified as a single contribution.

1.4 Obligations and responsibilities of actors specified in the Election Financing Act

Persons required to submit an election financing notification

Candidates who were elected as Members of the European Parliament and those who were designated as deputy members when the election results were confirmed were required to submit a notification regarding election expenditure and election financing according to the Election Financing Act with the content outlined in Act 604/2008. The notification was to be prepared and sent to the National Audit Office within two months of the confirmation of the election results, or by 10 August 2009.

According to the Election Financing Act, a person required to submit an election financing notification is responsible for the content of a notification.

National Audit Office

The task of the National Audit Office is to monitor compliance with the obligation to submit an election financing notification. The National Audit Office is responsible for making the election system as steerable as possible.

The National Audit Office checks that all the persons who are required to do so have submitted an election financing notification as prescribed in the Election Financing Act. If it notices errors or gaps in a notification, the National Audit Office can ask a person to prepare a new notification, modify a notification or provide additional information regarding the correctness or adequacy of information. This can be done only in situations in which it would not be possible to

complete monitoring for the person in question otherwise.

The National Audit Office can impose a penalty if a person required to submit an election financing notification does not do so or if a notification is found to contain essential errors or gaps. A penalty can be imposed only for failing to submit a notification or for errors or gaps that are obvious and concern essential points in a notification.

The National Audit Office publishes the notifications it receives without delay and maintains an election financing register in which notifications are kept. Through the publishing system anyone can check the information in notifications on the public telecommunications network.

The National Audit Office prepares a report to Parliament on the election financing notifications it has received and its monitoring of compliance with the obligation to submit an election financing notification within eight weeks of the confirmation of election results. The report to Parliament concludes the National Audit Office's monitoring of the election covered by the report.

Ministry of Justice

On the basis of the Election Financing Act the Ministry of Justice sends the National Audit Office information on the candidate register and, once the election results have been confirmed, the persons required to submit an election financing notification. For this purpose the Ministry of Justice establishes and maintains a national candidate register.

The Ministry of Justice serves as the supreme election authority in the Government.

2 The monitoring of election financing by the National Audit Office

2.1 Scope of monitoring

The Election Financing Act gives the National Audit Office the task of monitoring compliance with the obligation to submit an election financing notification as prescribed in the Act. According to the Election Financing Act, in practice this means monitoring compliance with sections 5–8 of the Act. Monitoring focuses on compliance with the obligation to submit an election financing notification. The National Audit Office does not audit compliance with other provisions in the Act. The National Audit Office is responsible for seeing that all the persons required to submit an election financing notification do so. The ceilings on donations in section 4:2 of the Act, for instance, do not come within the scope of monitoring by the National Audit Office but fall within the sphere of political responsibility. It should be pointed out, however, that provisions regarding ceilings on donations were not applied in the 2009 European Parliament election.

According to the Election Financing Act, a person required to submit an election financing notification is responsible for the content of a notification. No sanctions have been prescribed for errors in the content of a notification. A penalty can be imposed only

in cases in which the National Audit Office considers on the basis of monitoring that a person has not complied with the obligation to submit an election financing notification.

The National Audit Office does not have the right to receive other information for the monitoring of election financing besides the information that is mentioned in the Election Financing Act. A candidate's election financing in its different forms and the expenses it covers do not come within the scope of the National Audit Office as prescribed in the Act on the National Audit Office (676/2000) or the Act on the Right of the Parliamentary State Auditors and the National Audit Office to Audit Certain Credit Transfers between Finland and the European Communities (353/1995).

On the basis of a provision regarding the entry into force of the Election Financing Act, the persons required to submit an election financing notification in the 2009 European Parliament election did not have an obligation to provide additional information or accounts to the National Audit Office in the form of an extract from campaign accounts or in some other form.

2.2 The National Audit Office's measures in implementing the Election Financing Act

The Election Financing Act entered into force on 1 May 2009. The National Audit Office was expected to be prepared to receive advance notifications as prescribed in section 11 of the Election Financing Act by 7 May 2009.

Before lists of candidates were combined, the National Audit Office approved guidelines concerning the obligation to submit an election financing notification for the European Parliament election on 4 May 2009. The guidelines were sent to all the parties in the party register immediately after their approval.

The National Audit Office must keep information available on the public telecommunications network. Information must be kept available on the public telecommunications network for one year longer than the electoral term. Advance notifications prepared by other persons besides persons required to submit an election financing notification are removed 30 days after the confirmation of the election results.

In practice there was little time in which to procure and implement the publishing system required by the Election Financing Act. The National Audit Office established an advice service for the monitoring of election financing on 7 May 2009. This provided advice on the preparation of election financing notifications and situations that were open to interpretation.

The National Audit Office established a website for the publication of election financing notifications and advance notifications, www.vaalirahoitusvalvonta.fi, where all election financing notifications were pub-

lished and will be kept available to the public up to the deadline prescribed in the Election Financing Act, or 10 June 2015.

The electronic reception of election financing notifications went into operation on 10 June 2009. Owing to the timetable the National Audit Office did not introduce the electronic reception of advance notifications for the European Parliament election. Instead notifications had to be sent to the National Audit Office by post or in some other way.

The electronic notification system also operates as a publishing system. A person who has logged in and completed an election financing notification can publish the notification on the above-mentioned website, so that all notifications are in the same form. Notifications received in paper form are recorded without delay in the information system by the National Audit Office. In this way any election financing notifications made by candidates or recorded by the National Audit Office are immediately published in the notification register at www.vaalirahoitusvalvonta.fi.

If necessary the National Audit Office can ask a person to prepare a new notification, modify a notification or provide additional information regarding the correctness or adequacy of information. This can be done in situations in which it would not be possible to complete monitoring otherwise.

If a person does not supply the necessary information when asked to do so, the National Audit Office can impose a penalty. This can be done only if a person fails to submit a notification or if errors or gaps are obvious and concern essential points in a notification.

A penalty is not by nature a criminal sanction for failing to comply with the obligation to submit an election financing notification, nor can it be used as a criminal sanction for errors or gaps in notifications. A penalty is imposed in order to achieve the main objective, which is compliance with the obligation to submit an election financing notification.

The National Audit Office approved instructions for complaints regarding election financing on 4 May 2009. Citizens can make a complaint to the National Audit Office if they think that an election financing notification that has been submitted to the National Audit Office contains errors or gaps that concern essential points. For a complaint to

be taken into consideration in preparing the National Audit Office's report to Parliament on the monitoring of election financing, a complaint must in practice be made no later than six months after the confirmation of the election results.

It should be noted that campaign accounts and other accounts that may have to be supplied to the National Audit Office are confidential on the basis of section 24:1(15) of the Act on the Openness of Government Activities. If necessary a person may be asked to modify a notification on the basis of additional information. When this is done the information that is supplied is public in all respects.

2.3 Criteria used in monitoring election financing notifications in the European Parliament election

Monitoring by the National Audit Office included comparing the information in notifications with the provisions in the Election Financing Act. In monitoring compliance with the obligation to submit an election financing notification in the European Parliament election it was not possible to request the kind of additional information prescribed in section 8:3 of the Election Financing Act. The main focus of monitoring was formal correctness in the notification process and notifications. The National Audit Office also made sure that the persons required to submit an election financing notification provided statements on all the essential points mentioned in the Election Financing Act and the Act on the Disclosure of Election Financing in their notifications. Monitoring thus focused mainly on the formal correctness of notifications.

In monitoring election financing notifications in the European Parliament election, the National Audit Office checked the following matters:

- 1 All the persons required to submit an election financing notification did so.
- 2 Election financing notifications were submitted by the deadline prescribed in section 8:1 of the Election Financing Act. Notifications must be sent to the National Audit Office within two months of the confirmation of the election results.
- 3 Election financing notifications were submitted by the correct persons according to the Act. Notifications received through the electronic service could only be sent after logging in. For notifications received in paper form, only notifica-

tions signed by the correct person were recorded in the system. Notifications recorded in the system are considered to have been submitted by the correct person, who has been identified.

In addition the National Audit Office checked the following formal requirements for each notification:

- 1 The notification contained the candidate's full name, title, profession or post, the name of the nominating party or a statement indicating that the candidate has been nominated by a constituency association.
- 2 The total costs of the election campaign were disclosed. Voluntarily the notification could also break down campaign expenditure into election advertising in newspapers, free papers and magazines, on radio, on television and in data networks and other media, outdoor advertising, election newspapers, brochures and other printed materials, the planning of advertising, costs for election events and other costs.
- 3 Total election financing was disclosed and was broken down into the candidate's own funds and outside support obtained by the candidate, the candidate's support group or some other association established to support the candidate, further broken down into support received from private persons, enterprises, party organisations and other donors.
- 4 The person submitting the notification was required to state whether election financing included individual donations

amounting to 3,400 euros or more, in which case the name of the donor had to be specified.

- 5 Election financing covered campaign expenditure.
- 6 Monitoring evaluated whether the organisations that had contributed money

included organisations that should be regarded as a candidate's support group¹.

A support group should itemise sources of funds in greater detail.

- 7 The notification did not contain essential calculation errors or other technical errors.

¹ A candidate's support group or some other association working expressly to support a candidate. A group established for some other reason can become a support group in an election. A support group can be a registered or unregistered association. The condition is that the group supports only a particular candidate. An association that supports several different candidates is not a support group under the Act. Nor is an association that is officially connected to a political party a support group under the Act.

2.4 Restrictions on monitoring

On the basis of a provision regarding the entry into force of the Election Financing Act, section 8:3 of the Act was not applied in the 2009 European Parliament election. The persons required to submit an election financing notification in the 2009 European Parliament election did not have an obligation to provide additional information or accounts in the form of an extract from campaign accounts or in some other form that might be needed to check the correctness and adequacy of a notification.

In elections following the 2009 European Parliament election, the National Audit Office as part of fulfilling its monitoring task can at its discretion request additional information and accounts in order to check the correctness and adequacy of a notification. The obligation to provide information applies only to the person required to submit an election financing notification, however. The National Audit Office does not have the right to request accounts and additional information from third parties in order to check the correctness of a notification. This being the case, the National Audit Office does not in practice have the authority to ask for or collect comparative information in order to check the correctness of notifications. This is an essential restriction from the viewpoint of monitoring and interpreting the results of monitoring.

Persons required to submit an election financing notification do not have accounting obligations for campaign expenditure and financing. The National Audit Office does not have the right to audit or otherwise examine the internal control of campaign expenditure and financing arranged by a person required to submit an election financing notification or procedures that concern a person's activities

and administrative arrangements connected to election financing. These are matters that do not fall within the National Audit Office's audit mandate.

Detecting essential errors in the content of notifications is a key challenge in the monitoring of election financing. Detecting errors and deviations may be aided by complaints. Complaints should be taken into consideration in monitoring, but they should not be allowed to guide monitoring in such a way that the objectivity and independence of monitoring suffer. The content of complaints can be influenced by a conflict between the complainant and the candidate in question or by political reasons. It should also be pointed out that the National Audit Office's monitoring task is concluded when it issues its report to Parliament. After this, persons required to submit an election financing notification do not have an obligation to provide the National Audit Office additional information and accounts that might be warranted on the basis of complaints.

Persons required to submit an election financing notification can be expected to make mistakes in interpreting the Election Financing Act and guidelines as well as human errors. This can include errors in evaluating the value of support received in some other form than money. A person may receive incorrect information from the donor regarding the value of support and include this incorrect information in a notification. The same donor may make a contribution both to a candidate and to a candidate's party or a registered association in which the candidate has a say in the allocation of support. In this case it may not be possible to determine how much support a candidate has in fact received from a donor.

3 Notifications received by the National Audit Office and measures to monitor compliance with the obligation to submit an election financing notification

3.1 Advance notifications

Advance notifications as referred to in section 11 of the Election Financing Act were to be sent to the National Audit Office by 5 June 2009. A total of 72 candidates in the European Parliament election sent an advance notification of campaign expenditure and financing by the deadline. All the advance notifications that were sent by the deadline were published immediately.

Advance notifications that were provided by other persons besides those required to submit an election financing notification were removed in accordance with section 12:2 of the Election Financing Act within 30 days of the confirmation of the election

results. Advance notifications provided by persons required to submit an election financing notification will be kept available to the public on the public telecommunications network for six years from the confirmation of the election results, or up to 10 June 2015. Among persons required to submit an election financing notification, 12 submitted an advance election financing notification before election day.

On the basis of experience obtained in the European Parliament election, the possibility to submit an advance notification was used very extensively.

3.2 Election financing notifications

In the 2009 European Parliament election all the persons who were required to do so submitted an election financing notification as prescribed in the Election Financing Act by the deadline. The election financing disclosed in election financing notifications covered the campaign expenditure presented in the notification. Notifications were prepared in accordance with the Election Financing Act with regard to details, and notifications contained statements concerning all essential matters from the viewpoint of compliance with the Election Financing Act. Election financing notifications will be kept available to the public up to 10 June 2015.

The guidelines prepared by the National

Audit Office were delivered personally to all the persons required to submit an election financing notification. The objective of the guidelines was to ensure in advance that notifications prepared and submitted to the National Audit Office would be prepared in accordance with the Election Financing Act and the Act on the Disclosure of Election Financing.

Controls were also built into the electronic system for receiving election financing notifications to ensure that persons required to submit an election financing notification supplied statements on all the matters prescribed in legislation.

3.3 Completion of election financing notifications

After making checks the National Audit Office asked two persons to modify their election financing notifications by the deadline for submitting notifications. This was done orally and both persons modified their notifications without delay. Shortcomings were not essential.

One person was asked to modify a notification that listed an organisation officially connected to a political party (a party's district organisation) as a support group. According to the Election Financing Act and its commentary, if an association is officially connected to a political party, it is not a support group under the Election Financing Act and therefore is not subject to the financing

notification and itemisation obligations that apply to a support group. Making parties' financing transparent is not an objective of the Act. It should also be noted that provisions concerning the openness of political parties and election financing through political parties were currently being prepared by a commission that was appointed by the Ministry of Justice to study election and party financing.

Another person was asked to modify a notification that stated that a support group had collected a total of 23,760 euros from other major donors. The notification did not state whether the total collected by the support group included individual donations exceeding 3,400 euros.

3.4 Complaints concerning election financing notifications

The National Audit Office has not received complaints concerning election financing notifications for the 2009 European Parliament election.

3.5 General observations concerning election financing notifications

If election financing notifications are examined analytically, one observation is that the variation in campaign expenditure was quite large. On the basis of notifications the most expensive campaign cost 177,493.48 euros and the least expensive 5,269.56 euros.

In interpreting notifications under the

Election Financing Act, the essential thing to remember is that they include only the candidate's personal campaign expenditure. European Parliament election costs related to a party's joint advertising did not have to be disclosed as part of a candidate's campaign expenditure.

4 Conclusions

All the persons required to submit an election financing notification in the 2009 European Parliament election submitted an election financing notification as prescribed in the Election Financing Act. According to the Election Financing Act, a person required to submit an election financing notification is always responsible for the content of a notification.

In handling and checking notifications, the National Audit Office did not become aware of any matters on the basis of which the National Audit Office should have taken further measures to investigate the correctness of election financing notifications.



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