

National Audit Office's report to Parliament on the oversight of the funding of political parties in 2021



NATIONAL AUDIT OFFICE'S REPORT TO PARLIAMENT

R 5/2022 VP



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the oversight of the funding of political parties
in
2021

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To Parliament



The National Audit Office has overseen compliance with the provisions of the Act on Political Parties (10/1969) regarding support and the use of government grants, as well as the preparation and filing of documents covered by the disclosure obligation.

The National Audit Office submits the annual report on its activities in the oversight of the funding of political parties referred to in section 9 e (4) of the Act on Political Parties. The audit period of the audits included in the oversight varies per organisation.

Helsinki, 23 February 2022

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Main content

The Act on Political Parties contains mandatory provisions that apply to political parties and party associations and promote the transparency of funding. The provisions aim at increasing the transparency of political party funding.

The National Audit Office oversees compliance with the provisions laid down in the Act on Political Parties concerning support, the disclosure of election campaign costs and funding, and the preparation and submission of related documents in the activities of the overseen entities. From the beginning of 2016, the National Audit Office has also been responsible for overseeing the government grants referred to in the Act on Political Parties.

The overseen entities, i.e. political parties, associations referred to in the grant decision, and entities affiliated to political parties, have submitted their adopted financial statements for 2020 to the electronic political party funding register.

Contributions totalling EUR 37.5 million received by parties, party associations, and affiliated entities were reported to the political party funding register in up-to-date disclosures between 2011 and 2021.

Contributions totalling approximately EUR 3.6 million were reported during 2021. The overseen entities can also file up-to-date disclosures on financial support received in earlier years, and the total for the previous years increased retroactively by approximately EUR 0.7 million as a result of the disclosures submitted in 2021. A significant part of the information supplementing the disclosures is the result of the National Audit Office's audits of political party funding.

In 2021, the National Audit Office audited the political party funding of 52 district organisations of parties represented in Parliament that had received government grants. Some of the audits were conducted on site, while others were conducted by electronic tools.

On the basis of the audits, it can be stated that, after being supplemented, the up-to-date disclosures concerning political party funding are correct in material respects and the information they provide on the support received by the audited entities is correct in material respects.

The audits discovered a number of cases where the recipient had not filed up-to-date disclosures of all the support it had received. As in previous audits, it was also found that it was not possible to obtain a reliable overall picture of the political party funding simply by examining income funding and the proceeds included in the financial statements. The audited political parties and other entities have many kinds of accounting transactions that are regarded as pass-through items. Nevertheless, it has been important to determine their content from the perspective of support as referred to in the Act on Political Parties.

In the audits of 2021, contributions violating the restrictions laid down in section 8 b of the Act on Political Parties were discovered in one district organisation, which had received support from a joint municipal authority and more than EUR 30,000 from the same donor during the calendar year. The district organisation returned the support received from the joint municipal authority during the audit and submitted an up-to-date disclosure on the contribution of over EUR 30,000 it had received. The audit revealed no other contributions violating section 8 b of the Act on Political Parties.

The National Audit Office has previously recommended that an up-to-date disclosure should also be submitted on candidate's contributions, MP's contributions, and so-called advertising fees, as they are not excluded from the concept of support in the Act on Political Parties. The audit revealed that up-to-date disclosures under the Act on Political Parties had not been filed on all funding received by the district organisations. The National Audit Office continues to recommend that up-to-date disclosures referred to in the Act on Political Parties should be submitted on candidate's contributions and MP's contributions. Some district organisations have also paid for candidates' election advertisements and invoiced these advertising expenses to the candidates. As this kind of pass-through invoicing is not excluded from the concept of support in the Act on Political Parties, up-to-date disclosures should be submitted on it in the future.

As a rule, the overseen entities have kept their accounts appropriately so that it has been possible for the National Audit Office, based on them, to oversee compliance with the provisions in the Act on Political Parties.

As in previous years, the National Audit Office found some inadequacies in the financial audit reports of the overseen entities. The financial auditors have sometimes failed to include the opinions referred to in section 9 c of the Act on Political Parties in their reports. In recent years, the financial audit reports have improved, but the opinions included in them have not always proved adequate and unambiguous.

The financial audit reports do not disclose the period for which the auditor has verified that the district organisation has actually complied with the provisions of the Act on Political Parties and the terms and conditions of the grant decision in its use of government grants and the related reporting. The same applies to the financial auditor's report on whether the district organisation has complied with the provisions of the Act on Political Parties concerning support, restrictions on support, and the disclosure of funding.

In the oversight of government grants, the National Audit Office has examined the accounting procedures of the recipients that have an obligation to keep accounts. Where necessary, the recipients have been requested to correct their accounts or to submit additional information about their procedure. The audit memoranda the National Audit Office has issued on the audits of political party funding contain observations regarding defective documents and the government grant procedure.

In the audits of political party funding, the National Audit Office has also paid attention to the ambiguity of the terms and conditions of government grants, to inadequacies in the agreement procedures, and to the need to clarify the term "support". In its audits, the National Audit Office has also recommended that agreements should be concluded annually in order to ensure that they always include up-to-date information.

The oversight of government grant accounts revealed again that the amounts of grants reported by political parties as transferred to their district organisations often differed from the amounts these organisations reported as received in their own, audited government grant accounts. The entities concerned were requested to specify and harmonise their procedures, and after the requested adjustments were made, the 2020 government grant accounts of political parties and their district organisations tally with each other. The procedures and the division of responsibilities between the district organisation and its party have also been explained in other financial statements, for example when the party acts as an employer of the executive director of the district organisation or pays the costs of the district organisation.

Government grants for political activities increased by about EUR 6.1 million in 2020. Of the grants totalling EUR 35.5 million, EUR 5.2 million remained unused and was carried forward to the following year. Contributions collected by parties from the elected municipal officials amounted to more than EUR 6.5 million in 2020.

The Government set up a parliamentary election working group for the term of 20 February 2020 to 31 May 2021. The purpose of the working group was to examine the need to amend the Election Act, the Act on Political Parties, the Act on a Candidate's Election Funding, and, if necessary, legislation on other political activities, and to propose any necessary amendments. The working group's term of office was extended until 31 December 2021.



1 Legislation applied to the oversight of political party funding

The Act on Political Parties (10/1969, as amended) contains mandatory provisions concerning the transparency of the funding of political parties and party associations. Greater transparency in political party funding is expected to increase trust in political activities and thereby also to improve voter turnout. Another objective is to prevent corruption and in-appropriate interests that influence parties' activities.

The Act on Political Parties contains provisions on support for political parties, party associations, and entities affiliated to political parties. Under the Act, all contributions in the form of money, goods, services, and other contributions, are as a rule regarded as financial support. Only certain contributions specified in the Act are not regarded as support and therefore do not fall within the scope of regulation.

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

The Act on Political Parties also contains provisions concerning restrictions on receiving support. A political party, a party association and an entity affiliated to a political party may receive contributions from the same donor up to a maximum value of EUR 30,000 per calendar year. However, this restriction does not apply to support given to a political party or a party association by an entity affiliated to the party. The Act also contains a ban on receiving contributions from certain public-sector organisations, foreign contributions, or contributions from a donor whose identity cannot be determined.

Under the Act on Political Parties, political parties, party associations, and entities affiliated to political parties are obliged to report to the National Audit Office contributions with a value of at least EUR 1,500, as well as their donors. The information contained in these "up-to-date disclosures" is published in the political party funding register maintained by the National Audit Office in the public data network. The modernisation of the information system of the register has been started.

Under the Act on Political Parties, all contributions in the form of money, goods, services, and other contributions, are as a rule regarded as financial support.





The National Audit Office performs its oversight task independently in accordance with its own audit plan.

Political parties and the associations named in the grant decision shall itemise their election campaign costs and funding. If the value of the contribution is at least EUR 1,500, the amount of the contribution and the donor must also be specified. The information is also entered in the political party funding register and made publicly available. The first itemisations of election campaign costs and funding were to be sent to the National Audit Office in connection with the financial statements for 2011.

The act amending the Act on Political Parties (683/2010) also included amendments to the provisions regarding the oversight of political parties. After the amendments, the oversight of political parties has been the responsibility of the National Audit Office, the Ministry of Justice, and the auditors of the entities and foundations in question.

According to the Accounting Act and the Act on Political Parties, information on transactions related to external funding and election campaigns is part of the financial statements and thus subject to financial audit according to the Auditing Act. Under the law, financial auditors shall issue an opinion on the correctness of the required information in the financial audit reports for parties, district organisations, and associations receiving financial support. The financial auditor of an affiliated entity shall express an opinion on whether the received support has been itemised correctly.

The National Audit Office performs its oversight duty independently in accordance with its own plan. The National Audit Office oversees compliance with the provisions laid down in the Act on Political Parties concerning support, the itemisation of election campaign costs and funding, as well as the preparation and filing of related documents.

The Ministry of Justice oversees compliance with the Act on Political Parties insofar as the oversight is not the responsibility of the National Audit Office. Until the end of 2015, it was the Ministry of Justice that was responsible for the government grant authority's oversight task under the Act on Political Parties. After a legislative amendment (1688/2015), the oversight of government grants to political parties, i.e. party subsidies, was transferred from the Ministry of Justice to the National Audit Office on 1 January 2016.

The Act on Political Parties contains a provision on the recovery of party subsidies. As from 1 January 2016, recovery decisions have been made by the National Audit Office.

1.1 Those subject to the disclosure obligation and information to be submitted to the National Audit Office under the Act on Political Parties

The Act on Political Parties contains provisions on different types of information to be submitted to the National Audit Office. Figure 1 illustrates the information to be submitted by each actor.

Disclosures by those subject to the disclosure obligation

Political party

- Up-to-date disclosure
- Advance disclosure (voluntary)
- Itemisation of election campaign costs and funding
- Summary of up-to-date disclosures
- Financial audit report
- Financial statements and management report
- Accounts regarding the use of party subsidy (if the party has received any)

Party association

- Up-to-date disclosure

Those mentioned in the party subsidy decision

- Up-to-date disclosure
- Advance disclosure (voluntary)
- Itemisation of election campaign costs and funding
- Summary of up-to-date disclosures
- Financial audit report
- Financial statements and management report
- Accounts regarding the use of party subsidy

Entity affiliated to a political party

- Up-to-date disclosure
- Itemisation of the contributions received by the affiliated entity
- Financial audit report
- Financial statements and management report

Figure 1: Those subject to the disclosure obligation and their disclosures under the Act on Political Parties

Up-to-date disclosure

Under section 8 c of the Act on Political Parties, a political party, a party association, an association mentioned in the grant decision, and an entity affiliated to a political party shall file a disclosure with the National Audit Office on the amount of support received and the donor. The disclosure shall be filed if the value of an individual contribution or the total of several contributions received by the political party, party association or affiliated entity from the same donor is at least EUR 1,500 per calendar year. The up-to-date disclosure shall always be supplemented if, after the disclosure has been filed or supplemented, the value of contributions received from the same donor exceeds EUR 1,500. Hence, more than one disclosure may have to be filed on contributions from the same donor. This means that a disclosure shall always be supplemented whenever the next limit of EUR 1,500 is exceeded (e.g. at EUR 3,001, EUR 4,502, etc.). Whether the donor is the same is determined by the donor's legal capacity.

The National Audit Office does not accept or process disclosures of contributions with a value of less than EUR 1,500. Supplementary disclosures concerning contributions below EUR 1,500 may, however, be filed.

An up-to-date disclosure must be filed by the 15th day of the month following the month during which a contribution was received. Disclosures filed after this date will be considered delayed.

An electronic up-to-date disclosure shall be filed by the 15th day of the month following the month during which the contribution was received.



An electronic up-to-date disclosure shall be filed by the 15th day of the month following the month during which the contribution was received.

The political party sees to the filing of up-to-date disclosures. The political party shall also ensure that its party associations and affiliated entities file up-to-date disclosures of the contributions they have received.

The disclosures shall be submitted to the electronic funding register maintained by the National Audit Office. Political parties may authorise their party associations and affiliated entities to file their own up-to-date disclosures. In that case, the political party in question is responsible for entering the basic information on the party association in the political party funding register. However, the party is responsible for ensuring that the disclosures are filed in compliance with the Act on Political Parties.

The National Audit Office enters the affiliated entities in its information system on the basis of the disclosures that it has received. After this, a user named as a representative of the affiliated entity can file up-to-date disclosures on behalf of the affiliated entity.

All up-to-date disclosures are available in electronic format on the website of the National Audit Office's political party funding register. Everyone is entitled to obtain information on and copies of the disclosures.

Financial statements of a political party and the associations referred to in the government grant decision

Previously, a political party was obliged to submit to the National Audit Office the following documents for the party and the associations referred to in section 9 b of the Act on Political Parties and mentioned in the government grant decision: the financial statements with notes, the financial audit report, an itemisation of election campaign costs and funding, accounts regarding the use of the government grant, and the information contained in the up-to-date disclosures referred to in section 8 c of the Act on Political Parties.

On 30 December 2015, section 9 d of the Act on Political Parties was amended (1688/2015) in such a manner that a political party shall now submit to the National Audit Office the following documents for the party and the associations referred to in the grant decision: the financial audit report, the management report, the balance sheet book, and the accounts and other information referred to in section 9 a(1) of the Act.

The filing of financial statements applies to the political party and the associations named in the government grant decision. Other party associations do not need to submit the above-mentioned information to the National Audit Office.



Parties and the associations mentioned in the government grant decision submit their financial statement documents to the National Audit Office.

A political party shall submit to the National Audit Office the following documents for the party and the associations referred to in the government grant decision: the financial audit report, the financial statements with notes, and the accounts and information referred to in section 9 a(1) of the Act on Political Parties. These refer to accounts regarding the use of the government grant, the information contained in up-to-date disclosures, and an itemisation of election campaign costs and funding. Under a regulation issued by the National Audit Office (361/41/2011), election campaign costs and funding shall be itemised and reported on an electronic form approved by the National Audit Office.

According to the amendment (1620/2015) of chapter 3, section 1 of the Accounting Act on 30 December 2015, a management report as referred to in section 1 a shall be attached to the financial statements if the reporting entity is

1. a public limited liability company;
2. a cooperative or a private limited liability company which is not a micro-undertaking or a small undertaking; or
3. a public-interest entity.

On 30 December 2015, the Accounting Act was also amended in such a manner that it is no longer necessary to prepare a balance sheet book in paper format. The National Audit Office is of the opinion that even after these amendments, the overseen entities should submit their full financial statements to it under the Act on Political Parties, and if an overseen entity has prepared a management report in accordance with its Rules of Procedure, it should also be submitted and published together with the financial statements.

A political party’s financial statements with notes, management report, financial audit report, accounts regarding the use of the government grant, and the information contained in its up-to-date disclosures shall be submitted to the National Audit Office via the electronic political party funding register it maintains on the public data network.

The itemisations of election campaign costs and funding must be submitted using an electronic form in connection with the closing of the books for the year when the election was held.

2011	Parliamentary elections
2012	Presidential election and municipal elections
2014	European Parliament elections
2015	Parliamentary elections
2017	Municipal elections
2018	Presidential election
2019	Parliamentary elections and European Parliament elections
2021	Municipal elections

Figure 2: Itemisations of election campaign costs and funding submitted to the NAOF



An affiliated entity submits its financial audit report, financial statements with notes, and other required documents.

There were no regular national elections in 2020. The political party funding in the 2021 municipal elections will be audited in upcoming audits.

The National Audit Office publishes the information it receives without delay in its political party funding register. The documents are published in the form they have been submitted to the National Audit Office.

Financial statements of affiliated entities

An entity affiliated to a political party is an entity or foundation, or a trust of an entity or foundation, which a political party, with the consent of the entity or foundation in question, reports to the National Audit Office of Finland as an affiliated entity. Section 8 a(1) of the Act on Political Parties allows only political parties to report an entity or foundation, or a trust of an entity or foundation, with its consent, as an affiliated entity. Consequently, only a political party entered in the Party Register maintained by the Ministry of Justice can report other entities, foundations, or their trusts as its affiliated entities. Accordingly, an association that has not been entered in the Party Register cannot have affiliated entities, as referred to here, which the association has reported itself.

Section 9 d of the Act on Political Parties was amended on 30 December 2015 (1688/2015) in such a manner that an affiliated entity shall submit to the National Audit Office its financial audit report, management report, and balance sheet book, as well as the itemisation referred to in section 9 a(2) and the opinion referred to in section 9 c(3) within three months of the adoption of the financial statements of the entity or foundation concerned. An entity or foundation with a trust that has been reported as an entity affiliated with a political party must file the corresponding documents within three months of the adoption of the financial statements of the entity or foundation concerned.

The information on an affiliated entity is submitted in electronic format to the funding register maintained by the National Audit Office. The obligation to file financial statements applies to an affiliated entity starting from the fiscal year during which it was reported to the National Audit Office as an affiliated entity.

 **Keskusta**



SFP  **RKP**

Liike Nyt



Kristillisdemokraatit
ARVOISTASI POLITIIKKAA.



vasemmisto

Vihreät De Gröna

KOKOONOMUS

2 National Audit Office's role in overseeing political party funding

Under section 9 e of the Act on Political Parties (10/1969), the National Audit Office oversees compliance of the activities of a political party, an entity affiliated to a party, and an association referred to in the grant decision (i.e. an overseen entity) with the provisions laid down in the Act concerning support, the disclosure of election campaign costs and funding, and the preparation and submission of related documents and information. In performing this task, the National Audit Office can examine the overseen entity's accounting and use of funds and, if necessary, request the overseen entity to meet its obligations under the Act.

The National Audit Office may require an overseen entity, on pain of a fine, to meet its obligations if the entity has not submitted, corrected, or supplemented documents or information in spite of being requested to do so, or if it has not been verified that the documents or information are true and fair, and the breach, taken as a whole, is considered substantial. The payment of the fine is ordered by the Sanction and Penalty Board referred to in section 15 of the Act on the National Audit Office (676/2000).

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

By overseeing compliance with the Act on Political Parties and publishing the disclosures referred to in the Act, the National Audit Office contributes to the transparency of political party funding so that the interests of political parties can be assessed in the public arena and by citizens.

Under the Act on Political Parties, the auditing right of the National Audit Office covers political parties, the associations referred to in section 9 of the Act and mentioned in the government grant decisions, and the entities affiliated with political parties.

During the oversight period, the number of political parties entered in the party register was 22. Of these, nine were represented in Parliament and eligible for government grants. In addition, there was one political party represented in Parliament that did not receive a government grant.

The Sanction and Penalty Board may impose a penalty fee.



The parties receiving government grants had a total of 108 district organisations to be overseen and seven separate women’s organisations. At the beginning of the year, the total number of entities affiliated to a political party was 12. In December 2021, the National Coalition Party (Kansallinen Kokoomus r.p.) reported Pohjois-Pohjanmaan Kansallissäätiö sr as its affiliated entity, and thus the number of entities affiliated to a political party was 13 at the end of 2021. Some of the affiliated entities are also groups of companies based on their ownership.

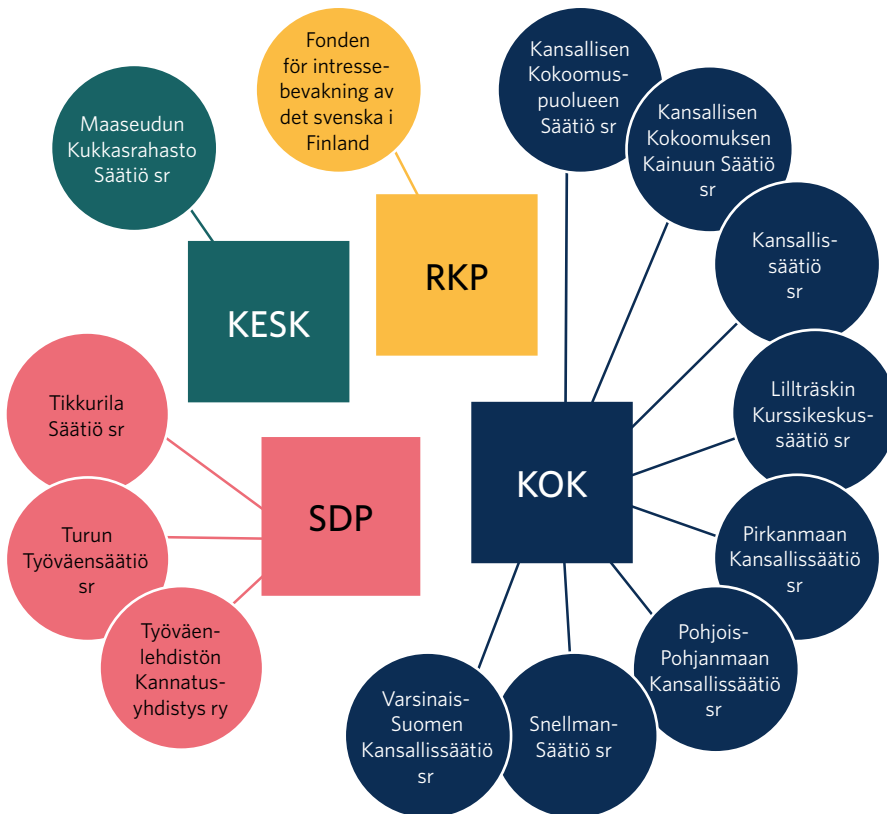


Figure 3: Affiliated entities reported by political parties in 2021

In the oversight of compliance with the Act on Political Parties, the goal of the National Audit Office’s long-term planning has been to audit all overseen entities within six years of the start of the oversight duty. In its long-term planning, the National Audit Office must take into account the obligation to retain vouchers, as referred to in the Accounting Act (1336/1997), and the impact of changes in the boundaries of electoral districts.



Nine political parties received government grants, i.e. party subsidies.



The long-term audit target was met, and the audit intervals of the district organisations of the political parties represented in Parliament have become shorter. In the following audits, the audit interval will be further shortened.

2.1 Measures taken by the National Audit Office as the overseer of political party funding

The Act on Political Parties states that the National Audit Office can issue regulations 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).

Under the Act on Political Parties, the National Audit Office has issued the following regulations and guidelines:

- National Audit Office’s regulation 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 regulation 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 (365/41/2016),
- National Audit Office’s guidelines regarding the filing of itemisations of election campaign costs and funding, as well as financial statements (367/41/2016),
- National Audit Office’s regulation regarding the submission of financial statements and other information for an entity affiliated to a political party as referred to in section 9 d(2) of the Act on Political Parties (364/41/2016).

The regulations and guidelines have been sent to all political parties. The guidelines are also available (in Finnish) in the Finlex database and on the website maintained by the National Audit Office at www.vaalirahoitusvalvonta.fi.

The guidelines issued on 1 January 2015 on the processing of complaints at the National Audit Office (307/01/2014) repealed and replaced the previous guidelines (02/01/2014). The valid Guidelines of the National Audit Office on submitting and processing of complaints (D/63/998.01/2021) were issued on 23 March 2021 and entered into force on 1 April 2021.

The National Audit Office has provided an advisory service related to the oversight of election campaign and political party funding since 2010. In addition, the website of the National Audit Office has a section providing advice in matters concerning the interpretation of the Act on Political Parties. The National Audit Office has also provided advice by email. Questions and answers that are deemed to have broader significance for the interpretation of the Act are published on the website.

The information system available to the National Audit Office for performing its duties under the Act on a Candidate’s Election Funding and the Act on Political Parties is used for receiving and publishing both election funding disclosures and the disclosures prescribed in the Act on Political Parties. The disclosures can be filed electronically in the system: after authentication, disclosers can publish their disclosures on the website for election funding oversight in such a manner that the disclosures have a uniform appearance. The National Audit Office enters disclosures submitted on paper or by email into the information system without delay. The aim of the National Audit Office has been that disclosers would submit all the information laid down in the Act on Political Parties to the electronic funding register.

In 2021, the National Audit Office carried out a total of 52 audits on political party funding. The audits were conducted by Principal Financial Auditor, CPFA, Klaus Krokfors, Principal Financial Auditors Johanna Kormu and Pontus Londen, and Senior Auditors Jonna Carlson and Hanna Surakka.



Figure 4: Process of auditing political party funding

2.2 Audit objectives and criteria applied in 2021

The objective of the audits of political party funding carried out in 2021 was to determine the following:

- whether the statutory disclosures filed by those subject to the disclosure obligation provide accounting-based true and fair information about political party funding and about compliance with the restrictions concerning support from the perspective of legislation and the needs of oversight,

- whether the disclosers have kept appropriate accounts, as required under the Act on Political Parties, and whether the disclosers have complied with the key provisions on political party funding and the related restrictions laid down in the Act.

The audit criteria were specified on the basis of the Act on Political Parties.

As the National Audit Office has also overseen government grants from the beginning of 2016, the goal was also to examine the procedures related to the transfer and use of government grants.

In 2021, the National Audit Office audited 52 district organisations of parties receiving government grants. The district organisations were audited either for the period 1 September 2018 to 31 December 2020 or for the period 1 September 2017 to 31 December 2020, depending on the time of their previous audit. One district organisation was audited for the period 1 September 2015 to 31 December 2020.

The audited entities were notified of the audits in February, and the audits were conducted in the autumn of 2021 when the electronic materials had been reviewed. Some of the audits were conducted on site, while others were conducted by electronic tools. The audits covered the financial statements, management reports, financial audit reports, as well as the accounting transactions during the audit period that were relevant from the perspective of the Act on Political Parties, the up-to-date disclosures filed, the itemisations of election campaign costs and funding, and the party subsidy accounts.

The audit was targeted at the following issues:

- the general arrangements concerning the accounting, payment traffic, and financial management at the audited entity,
- the itemisation of support funding and costs in the accounting from the perspective of the Act on Political Parties (such as bank accounts, cash in hand, and deeds of donation),
- compliance with the restrictions on support laid down in the Act on Political Parties during a maximum period of 1 September 2015 to 31 August 2020,
- the comprehensiveness of up-to-date disclosures on the basis of accounting, and verification of the content of the disclosures,
- monitoring of non-monetary support and taking it into account in the disclosure procedure,
- comparison of the information in the disclosures filed by the party and another organisation,
- appropriateness of the opinions in the financial audit report from the perspective of the Act on Political Parties and, if necessary, examination of the content of the financial audit,
- procedures concerning the use and transfer of government grants.



Overseeing the approximately 6,000 party associations falling outside the scope of the oversight would require significant resources.

2.3 Restrictions on the oversight

When the results of the oversight conducted by the National Audit Office are interpreted, it is also necessary to observe the key restrictions related to the oversight system.

The transparency of political party funding is most significantly restricted by the fact that all party associations do not fall within the scope of the oversight. Under the Act on Political Parties, the National Audit Office is only responsible for overseeing political parties, the associations specified in the government grant decision, and the entities affiliated to political parties. There are approximately 150 entities to be overseen. Other party associations are not overseen by the National Audit Office. This means that most of the party associations (approximately 6,000) fall outside the scope of the oversight. Overseeing these would require significant resources. However, the system developed by the Finnish Patent and Registration Office for reporting foundations' financial statements in IXBRL format would also be suitable for publishing and analysing the financial statements of party associations and other associations.



3 Disclosures on political party funding and measures related to them

The National Audit Office has overseen the filing of disclosures and documents related to political party funding with its electronic funding register. If necessary, the National Audit Office has requested the overseen entities to supplement or correct the disclosed information and to submit any missing documents.

The audited district organisations and their political parties were notified of the audits in February 2021. After this, the audited entities submitted the requested materials to the National Audit Office, which conducted the audits according to the audit plan in autumn 2021.

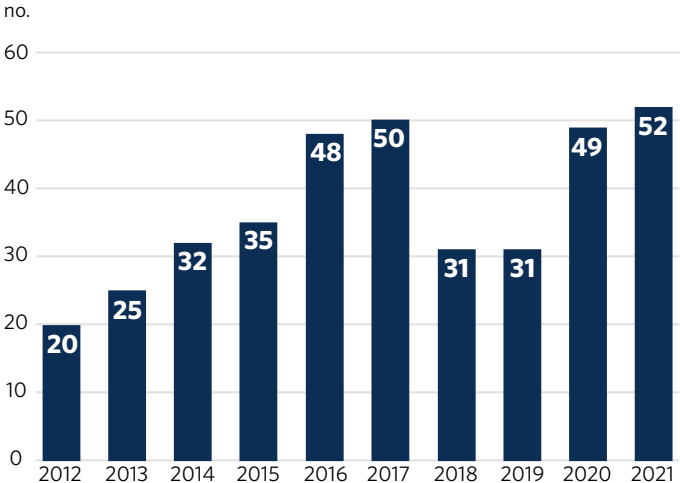


Figure 5: Number of audits of political party funding 2012-2021

The draft feedback memoranda on the audits were submitted to the audited entities for comments in November 2021. The final feedback memoranda were submitted to the audited entities in December 2021. Each political party represented in Parliament and receiving a government grant was also provided with the draft and final feedback memoranda on the audits of their district organisations. Any comments on the feedback memoranda were to be submitted to the National Audit Office by 7 January 2022. The feedback received consisted mainly of changes of technical nature and reports of measures taken after the draft memorandum, which the National Audit Office has taken into account when preparing this report.



The National Audit Office publishes the financial statements of political parties and the party associations mentioned in the government grant decision.

3.1 The overseen entities' accounting and financial statement procedures

The National Audit Office's oversight task does not directly concern the audited entities' general accounting arrangements. However, as prescribed by law, the National Audit Office publishes in its funding register those financial statements of political parties and the party associations mentioned in the government grant decision which have been submitted to it. Another duty of the National Audit Office is to oversee that those subject to the disclosure obligation prepare the documents specified in the Act on Political Parties and submit them to it. The National Audit Office can make comments intended as recommendations on the accounting arrangements and financial statement procedures.

The audits aimed at first to examine the accounting arrangements of the audited entity specifically from the perspective of monitoring external funding. In the same connection, it was also examined how reliably the actual amount of external funding could be deduced from the accounting data.

As in previous audits, it was found that it was not possible to obtain a reliable overall picture of political party funding simply by examining income funding and the proceeds in the financial statements. The audited political parties and other entities have many kinds of accounting transactions that they regard as pass-through items. Nevertheless, it is important to determine their content from the perspective of support as referred to in the Act on Political Parties.

Under the Act on Political Parties, support does not include income from market-based business activities of a permanent nature on the general market or income from investments. Nor does support include fair-value contributions received by a political party or a party association in connection with its ordinary organisational activities or asset management. However, in practice, it is extremely difficult to verify *ex post* by means of an audit whether the agreement arrangements between, for example, an affiliated entity and a political party or a party association have involved support.

The Accounting Act allows various compensation and adjustment entry procedures that reduce the net volumes of accounts and can influence the conclusions drawn from the financial statements and thereby comparisons between different organisations. When such exceptional procedures have been used, it is not possible, on the basis of the financial statements, to form an adequate picture of the actual amount of external funding received by political parties.



The overseen entities are obliged to keep accounts and ensure that the accounts are up to date.

The obligation to keep accounts applies to all associations and foundations under chapter 1, section 1 of the Accounting Act (1336/1997). Under chapter 2, section 4 of the Act, all cash transactions shall be recorded chronologically, without delay, on a daily basis. Under an amendment to the Act on 30 December 2015 (1620/2015), the chronological recording of cash transactions must be made on a daily basis. Other entries and combination entries from subledgers to the general ledger may be recorded on a monthly basis or a similar basis, unless more precise chronological recording is required elsewhere in the law or other provisions issued thereunder.

Pursuant to chapter 2, section 9 of the Accounting Act, financial statements, ledgers, vouchers, and other accounting material must be retained carefully in compliance with the requirements of section 7 so that they can be reviewed in Finland by an authority or auditor without undue delay.

It was discovered in the audit that, at the time of the audit, there were a few material inadequacies in keeping the accounts up to date or in organising the accounts. Even if the overseen entities only had a small number of vouchers and entries in their main ledger, they should keep their accounts as up to date as possible. This is necessary so that any up-to-date disclosures and contributions can be monitored on a cumulative basis.

For the sake of clarity, the audited entities were requested to close any unnecessary bank accounts and modify their account scheme to make it more appropriate. When necessary, the National Audit Office also requested the audited entities to itemise government grants and other subsidies and, instead of a short profit and loss account, to publish a more informative and transparent long profit and loss account.

One of the audited district organisations applied a provision procedure to significantly reduce the surplus of the election-free year 2020 by carrying funds forward to the following year. The procedure does not give a true picture of the results for the financial year 2020, but the actual financial situation of the district organisation is reflected in the cash reserves on its balance sheet.

The content and scope of the financial statements submitted to the National Audit Office vary. As in previous audits, the ambiguity of section 9 a(1) of the Act on Political Parties with regard to the application of the new financial statement obligations was reflected in the audit in that the audited entities had interpreted the information to be presented in connection with financial statements differently. In addition, the amendments made in late 2015 to the obligation to prepare and submit a management report had also been interpreted differently. However, the National Audit Office has requested the overseen entities to submit their management report if they have prepared one.

3.2 Financial audit reports of the overseen entities

The provisions of 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 the financial audits of political parties receiving government grants, associations mentioned in the government grant decision, and affiliated entities. The provisions do not apply to political parties that do not receive government grants.



The National Audit Office found inadequacies in the financial audit reports of some overseen entities.

Under the Auditing Act, not all associations are obliged to elect an auditor. Some of the associations to which section 9 c of the Act on Political Parties does not apply may elect a performance auditor, who prepares a performance audit report. The election of a performance auditor or the preparation of a performance audit report have not been taken into consideration in the Act on Political Parties, which only contains references to a financial audit report. However, the National Audit Office also publishes performance audit reports.

Under section 9 c of the Act on Political Parties, the auditor of a political party receiving government grants, or another association referred to in the grant decision, shall be an authorised public accountant or a similar authorised entity.

In an auditor's report, in addition to what is laid down in the Auditing Act, an auditor gives an opinion on the following:

1. whether the use of the government grant and the related reporting have complied with the provisions of the Act on Political Parties and the terms and conditions of the grant decision, and
2. whether the provisions of the Act on Political Parties concerning support, restrictions on support, and the disclosure of election campaign costs and funding have been complied with.

In addition to what is laid down in the Auditing Act, the auditor of an entity affiliated to a political party or an entity or foundation with a trust that is an affiliated entity gives an opinion on whether the affiliated entity's activities have complied with the provisions in the Act on Political Parties concerning support and restrictions on support.

The contents of individual financial audit reports varied in such a manner that some of them lacked opinions in accordance with section 9 c of the Act on Political Parties. Some of the audited entities had a performance audit report as well as a financial audit report.

Although the obligation to prepare a management report was restricted by an amendment to the Accounting Act, the Auditing Act still requires that the auditor must issue an opinion on the conformity of the management report and financial statements. If the auditor cannot express an opinion on this, this must be stated in the financial audit report.

The audits of political party funding found that, in some cases, the auditors had amended the financial audit report they had issued. In such a case, the financial audit report must be provided with a new date, and the entity must process it in the same way as the previously issued financial audit report. If this has not been done, the National Audit Office has requested the overseen entity to attend to this.

The objective of the Act on Political Parties is that the oversight of compliance with the Act's provisions should be based essentially on the financial audits (by their own auditors) of political parties receiving government grants and their affiliated entities, district organisations, and women's organisations. The special provisions of the Act on Political Parties on financial audits do not apply to political parties that do not receive government grants or the basic branches or local associations of political parties. The oversight system of party entities thus depends largely on the election of such professional auditors for them that have the necessary expertise and knowledge of their tasks and the related reporting requirements. However, according to the National Audit Office's findings, this is not yet always the case, as inadequacies were found in the financial audit reports of individual overseen entities. In this respect, the oversight system does not yet fully function as intended.

The audits of political party funding also paid attention to the manner in which the financial auditors had interpreted the requirement of section 9 c of the Act on Political Parties, under which the auditor shall express an opinion on whether the use of the government grant and the reports on its use have complied with the Act on Political Parties and the terms and conditions of the grant decision. The audits found cases where the financial auditor had issued the financial audit report before the cost accounting form for the government grant received during the year in question had become available or had been submitted to the National Audit Office.

The financial audit reports rarely disclose the period for which the opinion is given or the year for which the opinion on reporting the use of government grants is given. Therefore, the National Audit Office recommends that the overseen entities should process their government grant accounts for the previous year already in connection with their financial statements and that the accounts should be made available to the financial auditors before the financial audit report is issued.

3.3 Filing of the overseen entities' financial statements and information on their election campaign costs and funding

According to chapter 3, section 6 of the Accounting Act (1336/1997), the financial statements shall be prepared within four months of the end of the accounting period. According to section 9 d of the Act on Political Parties, a political party shall submit its financial statements and 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 adoption of the financial statements. The documents and information required of an association referred to in the grant decision shall be submitted within one month of the adoption of the association's financial statements, and the documents required of an affiliated entity within three months of the adoption of its financial statements.



Not all financial statements referred to in the Act on Political Parties were received conveniently in an electronic format corresponding to the original documents.

The oversight revealed that all political parties had not submitted their financial statements. The reason for this was that the financial statements had not been adopted. Apart from a few exceptions, the financial statements for 2020, as referred to in the Act on Political Parties, and the information on election campaign costs and funding were thus submitted to the electronic political party funding register maintained by the National Audit Office. Part of the information to be submitted to the National Audit Office was not received through the system until the audit was underway.

The itemisation of election campaign costs and funding should be traceable from and reconcilable with the bookkeeping and other accounts. Careful documentation of the itemisation grounds also facilitates the preparation of the itemisation and subsequent verification of the information. However, in practice, not all overseen entities had carried out the documentation with equal thoroughness.

If necessary, the National Audit Office has at first requested the entities obliged to supply financial statements to submit the missing financial statements and after that, if necessary, sent them a letter concerning a hearing as follows:

Table 1: Reminders and hearings in 2013–2021

Year	Request	Letter concerning a hearing
2021	0	0
2020	0	0
2019	0	0
2018	0	0
2017	0	0
2016	2	0
2015	3	0
2014	4	2
2013	15	2

3.4 Up-to-date disclosures and supplementing them

Under section 8 c of the Act on Political Parties, a political party, a party association, and an entity affiliated to a political party shall file a disclosure with the National Audit Office on the amount of support received and the donor. The disclosure shall be filed if the value of an individual contribution or the total of several contributions received by the political party, party association, or affiliated entity from the same donor is at least EUR 1,500 per calendar year. The up-to-date disclosure shall be supplemented if, after the disclosure has been filed or supplemented, the value of contributions received from the same donor exceeds EUR 1,500. Hence, more than one disclosure may have to be filed on contributions from the same donor.

Contributions totalling approximately EUR 3.6 million were reported during 2021. The up-to-date disclosures also apply to earlier years, and the total for the previous years increased retroactively by approximately EUR 0.7 million as a result of the disclosures submitted in 2021. A significant part of the information supplementing the disclosures is the result of the audits of political party funding. The up-to-date disclosures published in the political party funding register include the supplements made to them after the deadline referred to in the Act on Political Parties.

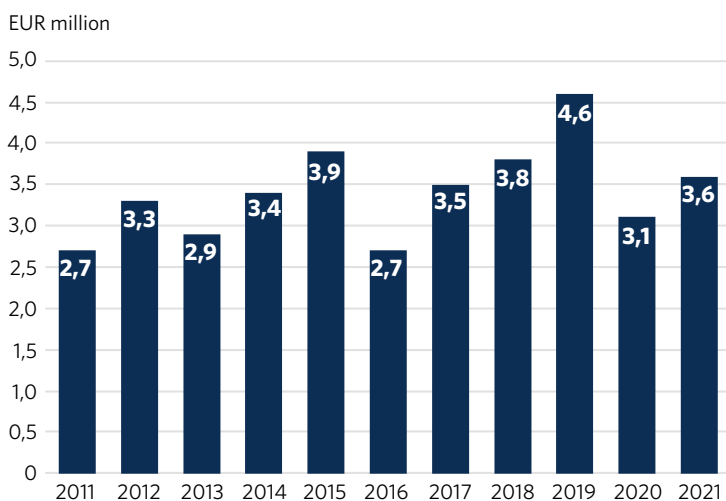


Figure 6: Contributions of at least EUR 1,500 reported to the political party funding register in 2011-2021 (up-to-date disclosures)

A total of EUR 37.5 million were reported in up-to-date disclosures as contributions received between 2011 and 2021. The audit found that most of the contributions received by the overseen entities had been reported in up-to-date disclosures. However, the audit also found contributions referred to in the Act on Political Parties that had not been reported to the system.

The disclosers were requested to supplement and correct their up-to-date disclosures during the audit. When the contributions for different years are compared, it should also be noted that no regular national elections were held in 2013, 2016, and 2020.

Some contribution types that were not reported are open to interpretation. In most cases, however, they are legal contributions referred to in the Act on Political Parties that fall within the scope of the disclosure obligation and have not been listed as exceptions in the Act. The audited entities usually regarded such contributions or other benefits that can be valued in money as pass-through items or transactions based on an agreement. These include, for example, various advertising fees and the candidate's contributions and MP's contributions collected by political parties. In addition, one political party collects a contribution from its MEPs for their election campaign costs. Since the size of such contributions and the related collection practices vary significantly, and some individuals may also pay other contributions to the same entity, the cumulative annual disclosure limit of EUR 1,500 can easily be exceeded. The contributions to be disclosed may also be payments made for consideration either in full or in part.

As it is difficult in practice to make a distinction between different types of contributions, the National Audit Office has previously recommended that the disclosers should submit up-to-date disclosures on all contributions by private individuals and their support groups. However, all party associations have not complied with this recommendation.

Section 8 of the Act on Political Parties, the Government proposal to Parliament for acts amending the Act on Political Parties, the Act on a Candidate's Election Funding, and the Money Collection Act (HE 6/2010 vp), or background literature do not state that the pass-through invoicing of election advertisements forms an exception to the concept of support. Therefore, up-to-date disclosures should be submitted in future of sums of at least EUR 1,500 that candidates have transferred to district organisations.

According to section 9 b of the Act on Political Parties (Information to be disclosed on election campaign costs and funding), each individual contribution received during the campaign period and its donor shall be mentioned separately if the value of the support is at least EUR 1,500. In future, such contributions must also be taken into account as support in the itemisation of election campaign costs and funding.

As in previous years, the district organisations of political parties have also received study grants on which no up-to-date disclosures have been submitted. In the case of a contribution based on the state or municipal budget, it is not necessary to submit a disclosure. However, it was found in the audit that the origin of study grants has not been adequately documented. Therefore, it has not been possible to verify in the audit whether the contributions are based on the state budget.

According to the Act on Discretionary Government Transfers, a government grant can be awarded to support such activities or project of an entity other than the beneficiary that fulfil the purpose specified in the grant decision. If the government grant is awarded for such a purpose, the beneficiary of the government grant shall conclude an agreement with the entity carrying out the activities or project on the use of the government grant, the supervision of the use, and their terms and conditions.



No agreements have been concluded on study grants with the district organisations of political parties. Nor have the district organisations been aware of the decisions issued by the government grant authority in accordance with section 11 of the Act on Discretionary Government Transfers to beneficiaries who have transferred the grant further.

The National Audit Office has examined the funding of study centres with the Ministry of Education and Culture, which has provided the funding. However, the Ministry has announced that it will not amend the procedure for 2022.

In the course of the audit, the political parties and their district organisations submitted several new up-to-date disclosures. Some of them involved substantial amounts. In the case of considerable monetary or non-monetary support, it may be necessary to report a new affiliated entity to the National Audit Office.

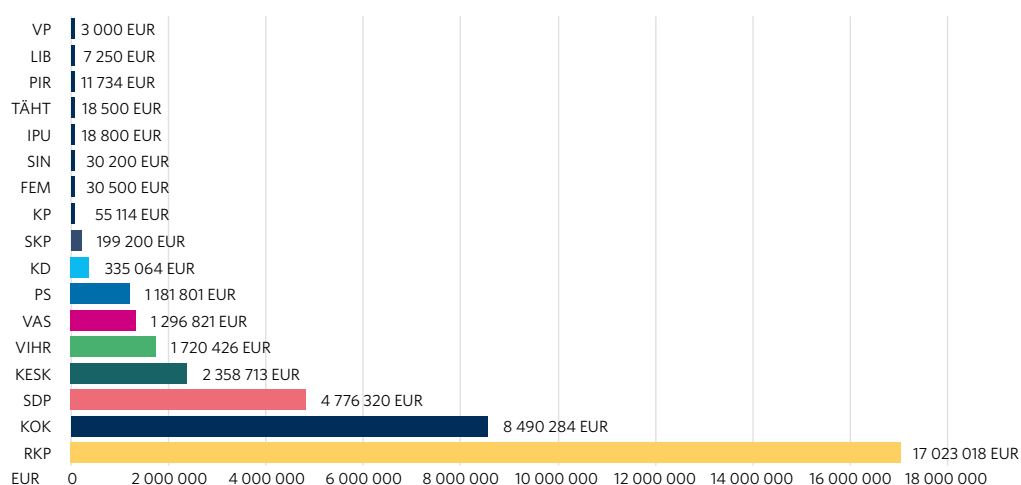


Figure 7: Contributions of EUR 1,500 or more reported to the political party funding register (up-to-date disclosures) in 2011-2021 by political party

During the audit, the audited entities were requested to monitor the contributions they had received cumulatively in order to comply with their disclosure obligation. For example, the total amount collected from a single person as a “candidate’s contribution” and an “MP’s contribution” during the same calendar year may exceed EUR 1,500, in which case it exceeds the limit for an up-to-date disclosure.

The disclosure limit may also be exceeded, for example, when the officials of an entity subject to the disclosure obligation waive their meeting fees, which, together with other contributions, total at least EUR 1,500 per year. When more than one person from the same organisation attends an event for which a fee is charged, the payer’s total contributions may exceed the disclosure limit.

A total of EUR 37.5 million were reported in up-to-date disclosures as contributions received in 2011–2021. Entities affiliated to political parties accounted for approximately EUR 24.7 million of the total, i.e. approximately 66% or almost two-thirds of the total funding.

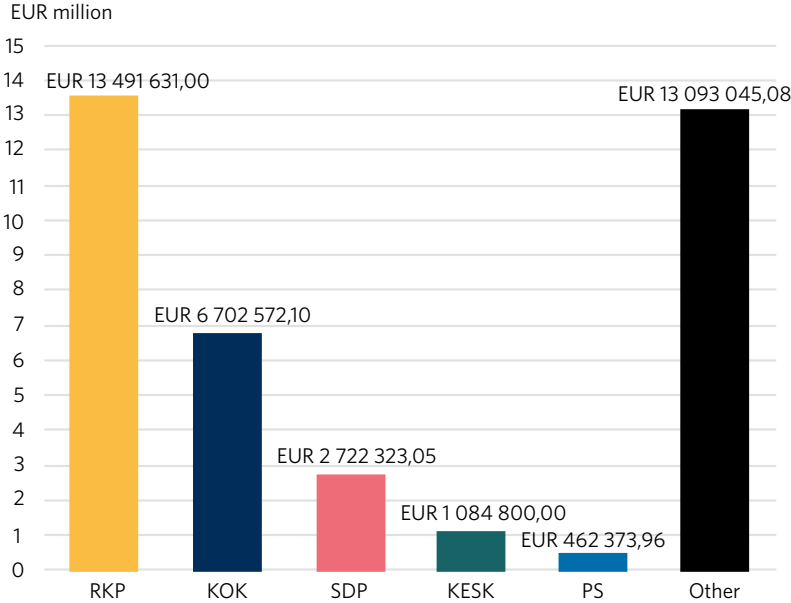


Figure 8: Contributions of EUR 1,500 or more received from affiliated entities and other actors (up-to-date disclosures in 2011–2021)

Table 2: Contributions by entities affiliated to political parties in 2011-2021

Organisation	Amount of contribution
Ruotsalainen kansanpuolue r.p.	13 491 631,00 €
Fonden för intressebevakning av det svenska i Finland	13 491 631,00 €
Kansallinen Kokoomus r.p.	6 702 572,10 €
Kansallisen Kokoomuspuolueen Säätiö sr	2 800 000,00 €
Kansallissäätiö sr	1 132 806,00 €
Kansallisen Kokoomuksen Kainuun Säätiö sr	1 104 781,00 €
Snellman-Säätiö sr	812 062,50 €
Varsinais-Suomen Kansallissäätiö sr	573 826,60 €
Pirkanmaan Kansallissäätiö sr	260 596,00 €
Lillträskin Kurssikeskussäätiö sr	18 500,00 €
Suomen Sosialidemokraattinen Puolue r.p.	2 722 323,05 €
Työväenlehdistön Kannatusyhdistys ry	874 000,00 €
Turun Työväensäätiö sr	1 092 929,06 €
Tikkurila Säätiö sr	755 393,99 €
Suomen Keskusta r.p.	1 084 800,00 €
Maaseudun Kukkasrahasto Säätiö sr	1 084 800,00 €
Perussuomalaiset r.p.	462 373,96 €
JRT-säätiö sr (Perussuomalaisten Tukisäätiö sr) *)	462 373,96 €

*) The disclosure is directed at June 2018 and was filed late, in April 2019. As from June 2018, the foundation is no longer an affiliated entity.

Tables 2 and 3 reflect the situation at the end of 2021. As contributions can also be reported retroactively, the total of contributions for 2021 may change in early 2022.

Under the Act on Political Parties, a recipient may receive a maximum of EUR 30,000 in contributions from other donors than affiliated entities per calendar year. This means that one donor may give several different entities up to EUR 30,000 each per calendar year.

Table 3: Contributions by foundations other than entities affiliated to political parties in 2011-2021

Organisation	Amount of contribution
Stiftelsen för utbildning och kultur på svenska i Finland sr	990 000,00 €
Stiftelsen Tre Smeder sr	611 000,00 €
Yksityisyrittäjien Säätiö sr	330 000,00 €
Stiftelsen Brita Maria Renlunds Minne sr	206 000,00 €
Teollisuuden ja Työnantajain Keskusliiton (TT) -säätiö sr	160 000,00 €
Avantisäätiö sr	92 200,00 €
Koillismaasäätiö sr	64 200,00 €
Salin-säätiö sr	61 000,00 €
Spartacus-säätiö sr	57 941,00 €
Maaseudun Säätiö sr	57 250,00 €
Imatrankoskenparrassäätiö sr	49 890,00 €
Pohjois-Pohjanmaan Kansallissäätiö sr	38 100,00 €
Satakunnan Kansallissäätiö sr	32 950,13 €
Kansan Sivistysrahasto sr	23 000,00 €
Keskisien Tukisäätiö sr	15 000,00 €
Maaseudun Yhteisvaliokunnan Säätiö sr	15 000,00 €
Naantalin Työväenyhdistyksen rekisteröity säätiö sr	11 000,00 €
Stiftelsen för det tvåspråkiga Finland sr	9 000,00 €
Kari Mattilan säätiö sr	3 500,00 €
Heinolan Sosialidemokraattisen Työväenyhdistyksen Säätiö sr	3 100,00 €
Yrjö Sirolan Säätiö sr	2 000,00 €

Pohjois-Pohjanmaan Kansallissäätiö sr was reported as an entity affiliated to the National Coalition Party in December 2021.

The contributions collected by political parties from elected municipal officials are tax-deductible expenses caused by income generation. Even though it is not necessary to report these contributions in up-to-date disclosures, they are of substantial economic importance on the national level. According to the information obtained from the Finnish Tax Administration, tax-deductible contributions collected from elected municipal officials totalled EUR 5.7-7.6 million per year between 2010 and 2020.

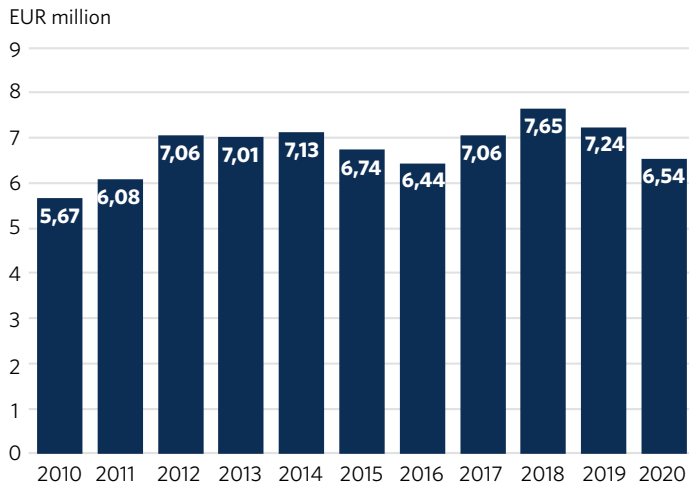


Figure 9: Contributions collected by parties from elected municipal officials in 2010–2020 (source: Finnish Tax Administration)

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

Contributions between political parties and their district organisations were also reported to the political party funding register. As up-to-date disclosures should not be filed on such contributions, the National Audit Office has tried to delete them from the funding register so that the total amount of contributions would not be distorted. On the other hand, the total amounts per calendar year do not necessarily include all support received during the year, as an up-to-date disclosure shall be filed according to law only when the following limit of EUR 1,500 is achieved cumulatively. Thus, if one and the same donor has paid contributions of EUR 1,500 and EUR 300, the political party funding register may show only EUR 1,500, although the total for the year is EUR 1,800.

According to the up-to-date disclosures concerning 2021 (totalling at least EUR 30,000), the entities that donated the most were entities affiliated to political parties, as expected. However, the entities that donated the most also include foundations that have not been reported as affiliated entities, as well as two trade organisations as registered associations and one estate of a deceased. One and the same donor may give more than EUR 30,000 in contributions if the contributions are divided between several recipients and if the contributions per recipient do not exceed EUR 30,000 per year.

Table 4: Entities that donated the most in 2021

Organisation	Amount of contribution
Fonden för intressebevakning av det svenska i Finland	1 736 949,00 €
Kansallisen Kokoomuspuolueen Säätiö sr	200 000,00 €
Turun Työväensäätiö sr	197 893,62 €
Svenska Litteratursällskapet i Finland rf *)	180 000,00 €
Kansallisen Kokoomuksen Kainuun Säätiö sr	131 535,00 €
Heli Hellevi Astala KP	126 781,95 €
Varsinais-Suomen Kansallissäätiö sr	94 000,00 €
Tikkurila Säätiö sr	92 000,00 €
Snellman-Säätiö sr	65 000,00 €
Stiftelsen Tre Smeder sr	64 000,00 €
Maaseudun Kukkasrahasto Säätiö sr	40 000,00 €
Palvelualojen ammattiliitto PAM ry	32 000,00 €
Metalliliiton sos. dem. opintoyhdistys	30 000,00 €
Stiftelsen för utbildning och kultur på svenska i Finland sr	30 000,00 €
Svenska Kulturfonden i Björneborg, stiftad 19 7/10 19 av Hjalmar Widbom sr	30 000,00 €
Yksityisyrittäjien Säätiö sr	30 000,00 €

*) The association handled the payment traffic of the foundation Stiftelsen för utbildning och kultur på det svenska Finland sr.

Tables 4 and 5 reflect the situation at the end of 2021. As subsidies can also be reported retroactively, the total of contributions for 2021 may change in early 2022.

Table 5: Private individuals that donated the most in 2021

Person	Amount of contribution	Person	Amount of contribution
Kari Emma	14 689,00 €	Juva Kati	4 620,00 €
Holopainen Mari	13 238,60 €	Vilkamaa Susanna	4 620,00 €
Ohisalo Maria	12 929,60 €	Yanar Ozan	4 530,00 €
Hiltunen Teemu	10 600,00 €	Niinistö Ville	4 500,00 €
Aarnio-Wihuri Antti	10 000,00 €	Vanhanen Reetta	4 489,00 €
Käkelä Risto	10 000,00 €	Pasanen Amanda	4 070,00 €
Metsälä Juha	10 000,00 €	Sinnemäki Anni	4 000,00 €
Paananen Elmar	10 000,00 €	Pitko Jenni	3 810,00 €
Riekinen Juha	10 000,00 €	Vuola Tapani	3 800,00 €
Salmela Heikki	10 000,00 €	Soinikoski Mirka	3 600,00 €
Vaiste Heikki	10 000,00 €	Niemi Johanna	3 598,00 €
Hautala Heidi	9 000,00 €	Hassi Satu	3 500,00 €
Vesikansa Sanna	8 458,00 €	Lindgren Minna	3 430,00 €
Söderholm Arno	7 191,00 €	Rantanen Tuomas	3 400,00 €
Harjanne Atte	7 050,00 €	Elo Tiina	3 150,00 €
Alanko-Kahiluoto Outi	6 430,00 €	Hopsu Inka	3 150,00 €
Mikkonen Krista	6 300,00 €	Hyrkkö Saara	3 150,00 €
Särelä Mikko	6 150,00 €	Koponen Noora	3 150,00 €
Huff Shawn	5 520,00 €	Petelius Pirkka-Pekka	3 150,00 €
Lammi Olli-Pekka	5 320,00 €	Sacres Pauliina	3 140,00 €
Kallasvuo Olli-Pekka	5 000,00 €	Moore Annica	3 130,00 €
Taipale Mikael	5 000,00 €	Tarkkila Heikki	3 090,00 €
Ylönen Tatu	5 000,00 €	Haavisto Pekka	3 000,00 €
Soininvaara Osmo	4 890,00 €	Lehtola Laura	3 000,00 €

The support provided by private individuals has not been significant. Table 5 shows that in 2021, excluding estates of deceased and self-employed persons, the number of private individuals who donated at least EUR 3,000 was about 50. The amounts also include funding of the individuals' own election campaigns and retroactive disclosures submitted in January 2022.

In addition to four political parties, the entities that received the most contributions (more than EUR 30,000 in total) in 2021 included nine district organisations, three local organisations, three youth organisations, two affiliated entities, and one women's organisation.

Table 6: Entities that received the most contributions in 2021

Organisation	Amount of contribution
Suomen ruotsalainen kansanpuolue r.p.	1 736 949,00 €
Kansallinen Kokoomus r.p.	300 000,00 €
Varsinais-Suomen Vasemmistoliitto ry	146 781,95 €
Kainuun Kokoomus r.y.	131 535,00 €
Turun Sosialidemokraattinen Kunnallisjärjestö ry	124 686,01 €
Tikkurilan Työväenyhdistys ry	92 000,00 €
Suomen Sosialidemokraattinen Puolue r.p.	91 127,54 €
Svensk Ungdom, Svenska folkpartiets ungdomsorganisation r.f.	73 000,00 €
Kokoomuksen Nuorten Liitto ry	65 000,00 €
Vihreä liitto r.p.	63 089,02 €
Kokoomuksen Turun Aluejärjestö r.y.	55 000,00 €
Svenska folkpartiet i Helsingfors rf	55 000,00 €
Varsinais-Suomen Kansallissäätiö sr	50 000,00 €
Svenska Kvinnoförbundet rf	46 000,00 €
Suomen Keskustanuoret ry	40 000,00 €
Varsinais-Suomen Kokoomus ry	34 000,00 €
Finlands Svenska Socialdemokrater rf	32 000,00 €
Kansallisen Kokoomuspuolueen Säätiö sr	30 000,00 €
Svenska folkpartiet i Egentliga Finland rf	30 000,00 €
Svenska folkpartiet i Nyland r.f.	30 000,00 €
Svenska folkpartiet i Österbotten r.f.	30 000,00 €
Svenska folkpartiets Samkrets rf	30 000,00 €

The users of the funding register may themselves produce summary reports, for example, on the entities that donated the most or that received the most contributions.

It was found in the audits that all recommendations made in the previous audits had not been taken into account. Based on the audit conducted in autumn 2021, a large number of retroactive up-to-date disclosures were submitted to the funding register. Some of them concerned significant amounts. To ensure that the funding register is kept up to date, the National Audit Office must conduct close follow-up despite shorter audit intervals.



3.5 Compliance with restrictions on support

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

A political party, a party association, and an entity affiliated to a party may not receive a contribution if the identity of the donor cannot be determined. However, this provision does not apply to contributions received as a result of ordinary fundraising activities.

A political party, a party association, and an entity affiliated to a party may not receive support exceeding EUR 30,000 from the same donor in a calendar year. However, this does not apply to support provided by an entity affiliated to a political party or a party association, or financial support left in a will.

A political party, a party association, and an entity affiliated to a party may only receive foreign support from private individuals and from international organisations and foundations that represent the party's ideology.

A political party, a party association, and an entity affiliated to a party may not receive support from the state, a municipality, a joint municipal authority, an unincorporated state enterprise, a municipal company, an association, institution, or foundation operating under public law, or a company controlled by the state or a municipality as referred to in chapter 1, section 5 of the Accounting Act. However, this does not apply to the use of facilities or ordinary hospitality.

A political party and a party association must make sure that a paid advertisement that is part of an election campaign or intended to support it displays the name of the person paying for the advertisement. However, the name of a private individual may not be published without their express consent if the value of the advertisement paid for by the individual is less than EUR 1,500.

Under section 8 b of the Act on Political Parties, foreign support may only be received from private individuals and from international organisations and foundations that represent the party's ideology. Foreign contributions can be considered at least partly prohibited because the Act on Political Parties does not set out exceptions regarding support paid by international organisations.

The audit revealed a case in which the debt of a district organisation of a political party had been forgiven. Based on the audit, the district organisation submitted an up-to-date disclosure on the support it had received in this manner.

The National Audit Office did not discover for the audit period any wills or donations of shares that would have been significant from the perspective of political party funding. However, in spring 2021, a district organisation of a political party received a substantial bequest on the basis of which three up-to-date disclosures were submitted.

The audits of 2021 revealed a case in which more than EUR 30,000 had been received from the same donor during the calendar year 2018, and this donor was not an entity affiliated to the political party. The district organisation in question has supplemented its up-to-date disclosure for 2018 in relation to this. Otherwise the audits found no new cases where the limit of EUR 30,000 per calendar year, applied to other donors than affiliated entities, would have been exceeded. Nor did it discover any contributions or funds not included in the accounts.

The audit revealed an individual contribution from a joint municipal authority, which was contrary to Section 8 b of the Act on Political Parties. This contribution was returned to the donor during the audit.

The amounts of contributions reported during the audits have increased. As stated above, according to the audit findings, the disclosers had received contributions on which they had not filed up-to-date disclosures. In addition to support from affiliated entities, these contributions included advertising fees, for example. As a result of the audit, the disclosers filed new or adjusted up-to-date disclosures, which partly remedied the situation.

Under section 8, subsection 2, item 1 of the Act on Political Parties, ordinary voluntary work is not regarded as support. The concept of ordinary voluntary work is open to interpretation, but the question is important in the assessment of when ordinary voluntary work becomes non-monetary support. Under section 8, subsection 2, item 6 of the Act on Political Parties, statutory grants or contributions based on the state or municipal budget are not considered financial support, either.

In the oversight of political party funding, the National Audit Office had previously detected four contributions made in the virtual currency Bitcoin that did not explicitly state the name of the donor. However, up-to-date disclosures had been filed on them, and the donor's name was added to these disclosures later on. In 2021, no new contributions made in virtual currencies were reported to the political party funding register.



4 Procedures concerning the transfer and use of government grants

In 2020, the Government awarded government grants according to section 9 of the Act on Political Parties to registered associations entered in the Party Register. The government grants totalled approximately EUR 35.5 million, and the associations were allowed to use them for supporting public activities specified in their rules and general programme. As from 2016, support for political activities and support for the party's information and communications activities have been combined in the grant decision. According to the National Audit Office, combining two separate grant decisions into one has unified the process of cost accounting and facilitated the oversight of the use of government grants.

Table 7: Government grants to political parties in 2020

Political party	Remaining on 31 December 2019 according to the accounts	Granted in 2020	Carried forward	Remaining on 31 December 2020 according to the accounts
KOK	EUR 0	EUR 6 770 650,00	EUR 2 881 981,00	EUR 0
LIIK	EUR 20 853,24	EUR 178 175,00	EUR 18 990,55	EUR 37 313,37
PS	EUR 1 543 382,93 *)	EUR 6 948 825,00	EUR 1 015 299,98	EUR 3 348 718,42
RKP	EUR 0	EUR 1 603 575,00	EUR 376 000,00	EUR 0
KESK	EUR 74 990,86	EUR 5 523 425,00	EUR 2 202 429,07	EUR 672 182,16
KD	EUR 0	EUR 890 875,00	EUR 144 772,08	EUR 104 509,99
SDP	EUR 0	EUR 7 127 000,00	EUR 2 560 701,00	EUR 174 664,17
VAS	EUR 0	EUR 2 850 800,00	EUR 616 626,57	EUR 769 793,79
VIHR	EUR 0	EUR 3 563 500,00	EUR 517 684,81	EUR 126 934,05
Total	EUR 1 639 227,03	EUR 35 456 825,00	EUR 10 334 395,06	EUR 5 234 115,95

*) The accounts have been adjusted

In 2020, the amount of government grants increased from EUR 29.4 million to EUR 35.5 million. The increase was around EUR 6.1 million, and around EUR 5.2 million of government grants remained unused and was carried forward to the following year. This is partly explained by the Covid-19 pandemic and partly by the lack of regular elections in 2020.

In the terms and conditions of the grant decision, it is stated that, if the grant awarded to a political party is used for purposes other than the party's own activities, the party shall conclude an agreement according to section 7(2) of the Act on Discretionary Government Transfers on the use, supervision of the use, and their terms and conditions with the entity (including district organisations and women's organisations) or foundation using the subsidy.

According to the grant decision, five per cent of the grant must be used for women's political activities and five per cent for the activities of district organisations of political parties. According to its accounts, the Christian Democrats (Suomen Kristillisdemokraati r.p.) has spent less than five per cent of its grant on women's political activities, but according to the information received from the party, the entire share was not transferred to the women's organisation during 2020 due to the Covid-19 situation.

According to its government grant accounts, the Left Alliance (Vasemmistoliitto r.p.) has used less than five per cent of its grant for the activities of district organisations. However, the amount does not include the personnel expenses of the executive directors of district organisations, which are paid by the party.

According to their accounts, the National Coalition Party (Kansallinen Kokoomus r.p.) and the Centre Party (Suomen Keskusta r.p.) have used exactly five per cent of the government grant they received in 2020 for women's political activities. The Movement Now (Liike Nyt r.p.) has used exactly five per cent of its grant for its district activities.

In connection with the audits of political party funding, we have previously observed that the agreement procedures of different parties have varied a great deal and some of the parties have not concluded any agreements. The agreement procedures were covered for the first time in the 2016 report on the oversight of political party funding. Agreements on government grants have been concluded and renewed after that, and they have also been concluded with district organisations.

Under section 9(1) of the Act on Political Parties, part of the government grant awarded to a political party can be allocated to supporting the activities of other associations. Under the terms and conditions of the 2019 grant decision, an agreement on the use of government grants could, however, also be concluded with a foundation or another entity. Political parties have concluded government grant agreements not only with associations but also with media companies and cooperatives, and according to the accounts of the overseen entities, they have also transferred government grants to these companies and cooperatives.

According to the report issued by the Government on 25 September 2017, the Act on Political Parties does not contain any detailed provisions regarding the use of awarded government grants, and thus section 7(2) of the Act on Discretionary Government Transfers, which covers the agreement procedure applied to other recipients, becomes applicable. The Prime Minister's Office considered that the term of the grant decision complied with the Act on Discretionary Government Transfers and therefore did not warrant any further measures.

The National Audit Office is of the opinion that the grant decision has extended the use of government grants, restricted by the Act on Political Parties, by enabling them to be transferred to limited companies or foundations. The Act on Political Parties is a special act and thus takes precedence over the Act on Discretionary Government Transfers and its more general provisions. Since the recipients of government grants have nevertheless complied with the terms and conditions of the grant decision, the National Audit Office considers that there are currently no absolute preconditions for the recovery of the awarded government grants.

However, the Act on Political Parties and the terms and conditions of grant decisions should be more closely linked. The transfer of grants to limited companies may also have significance from the perspective of business subsidies and value-added tax. Furthermore, in ambiguous cases, it is recommended that political parties should use other funds than government grants to support limited companies and foundations.

The 2020 grant decision required political parties to use five per cent of the government grant received for the activities of their district organisations and to transfer the grant to their district organisations during the year in which the grant was awarded.

The National Audit Office is of the opinion that the terminology used in the grant decision should be clarified to ensure that it is unambiguous how the government grant can be used and transferred and that the accounts on the use of the government grant are comparable.

The audits and the oversight of government grants also revealed that there were some differences between political parties and their district organisations in the accounts on the use of government grants. The National Audit Office has requested the entities concerned to correct their accounts to tally with each other, and corrections were already made during the audit, as in the previous year. Some inadequacies were also detected in the monitoring of government grants carried over from the previous year.

The National Audit Office also paid attention to the fact that only the entities referred to in the grant decision are obligated to submit disclosures to the public political party funding register. This does not seem appropriate, as political parties may also have allocated their government grants to other associations than those referred to in the grant decision.

In the audits of political party funding, the National Audit Office paid attention to the ambiguity of the terms and conditions of government grants and to inadequacies in the agreement procedures. In its audits, the National Audit Office has also recommended that agreements be concluded annually to ensure that the agreement always includes up-to-date information. Based on this, agreements have been updated.

The Government set up a parliamentary election working group for the term of 20 February 2020 to 31 May 2021. The purpose of the working group was to examine the need to amend the Election Act, the Act on Political Parties, the Act on a Candidate's Election Funding, and, if necessary, legislation on other political activities, and to propose any necessary amendments. The working group's term of office was extended until 31 December 2021.

Appendix: Audits of political party funding in 2021

Audited organisations	Audit date
Helsingin Kokoomus ry	2.9.2021
Helsingin Vasemmistoliitto ry	2.9.2021
Helsingin Vihreät ry	9.9.2021
Hämeen Kokoomus ry	28.10.2021
Hämeen Sosialidemokraatit ry	28.10.2021
Hämeen Vasemmistoliitto ry	27.10.2021
Hämeen Vihreät ry	27.10.2021
Kaakkois-Suomen Kokoomus ry	18.8.2021
Kaakkois-Suomen Sosialidemokraatit ry	30.8.2021
Kaakkois-Suomen Vihreät ry	19.8.2021
Keskustan Etelä-Hämeen piiri ry	29.10.2021
Keskustan Helsingin piiri ry	9.9.2021
Keskustan Karjalan piiri ry	19.8.2021
Keskustan Kymenlaakson piiri ry	18.8.2021
Keskustan Pirkanmaan piiri ry	20.10.2021
Keskustan Pohjois-Karjalan piiri ry	20.10.2021
Keskustan Päijät-Hämeen piiri ry	22.9.2021
Keskustan Uudenmaan piiri ry	15.9.2021
Keskustan Varsinais-Suomen piiri ry	13.10.2021
Perussuomalaisten Hämeen piiri ry	14.10.2021
Perussuomalaisten Pirkanmaan piiri ry	14.10.2021
Perussuomalaisten Pohjois-Karjalan piiri ry	25.8.2021
Perussuomalaisten Uudenmaan piiri ry	15.9.2021
Perussuomalaisten Varsinais-Suomen piiri ry	13.10.2021
Pirkanmaan Kokoomus ry	20.10.2021
Pirkanmaan Sosialidemokraattinen piirijärjestö ry	21.10.2021
Pirkanmaan Vasemmistoliitto ry	8.9.2021
Pirkanmaan Vihreät ry	21.10.2021

Audited organisations	Audit date
Pohjanmaan Vasemmisto ry	20.10.2021
Savo-Karjalan Kokoomus ry	16.9.2021
Savo-Karjalan Sosialidemokraatit ry	25.8.2021
Savo-Karjalan Vasemmisto ry	16.9.2021
Savo-Karjalan Vihreät ry	26.8.2021
Suomen Kristillisdemokraattien (KD) Helsingin piiri ry	16.9.2021
Suomen Kristillisdemokraattien (KD) Hämeen piiri ry	6.10.2021
Suomen Kristillisdemokraattien (KD) Kymen piiri ry	6.10.2021
Suomen Kristillisdemokraattien (KD) Pirkanmaan piiri ry	8.9.2021
Suomen Kristillisdemokraattien (KD) Pohjanmaan piiri ry (previous Etelä-Pohjanmaan piiri ry)	20.10.2021
Suomen Kristillisdemokraattien (KD) Pohjois-Karjalan piiri ry	20.10.2021
Suomen Kristillisdemokraattien (KD) Uudenmaan piiri ry	16.9.2021
Suomen Kristillisdemokraattien (KD) Varsinais-Suomen piiri ry	13.10.2021
Svenska folkpartiet i Egentliga Finland rf	13.10.2021
Svenska folkpartiet i Helsingfors rf	21.10.2021
Svenska folkpartiet i Nyland r.f.	21.10.2021
Uudenmaan Kokoomus ry	22.9.2021
Uudenmaan Sosialidemokraatit ry	22.9.2021
Uudenmaan Vasemmistoliitto ry	23.9.2021
Uudenmaan Vihreät ry	23.9.2021
Varsinais-Suomen Kokoomus ry	13.10.2021
Varsinais-Suomen Sosialidemokraattinen Piiri ry	13.10.2021
Varsinais-Suomen Vasemmistoliitto ry	14.10.2021
Varsinais-Suomen Vihreät ry	14.10.2021



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