Innovations on the party funding system in Norway

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Three issues in the extension of GRECOs rec. to Norway

- Accounting and bookkeeping provisions in the Political party Act (PPA) and regulations (PPAR) – tailor made for political parties and entities
- The Political Parties Portal – IT portal for 3800 political party units
- Electronic forms for the reporting of financial statements (population administration)
Accounting and bookkeeping – general views

- Central issues in GRECOs recommendations on Party Funding to (almost) all member states (keeping, content, scope, standardisation etc)
- Regarded as a cornerstone in the fight against corruption by providing transparency in the financing of political parties and candidates
- Natural basis for implementation: The (national) Accounting Act (AA) and the law on bookkeeping
Accounting Act – general views

- International standards; IFRS, IAS etc.
- AA-features: Covers a broad range of sectors/branches, based on general accounting principles (no fixed set of rules, no standardization of forms). Main purpose: financial status and results (no particular anti-corruption purpose), complex and comprehensive, threshold limits for NGOs etc.
Accounting Act (AA), cont…

- Quite abstract and distant for ordinary people – without particular/professional accounting competence.
- Consequently, not very suitable for (small) political parties (or candidates) with confined administrative and economic resources
The Norwegian experience

- 20 political parties with about 3,780 subordinated entities all comprised by the PPA
- Only 5–6 of 3,800 are encompassed by the AA, due to threshold limits for the value of assets (2,4 mill EUR) or number of employees (20)
Norwegian experience cont..

- The economic and bureaucratic burdens of accounting (and bookkeeping) obligations – the most serious concern among all political stakeholders
- 2013 – the introduction of a separate accounting and bookkeeping system for political parties in the PPA based on the principles in the AA
- Possible to:
  - cultivate anti-corruption consideration as the principal
  - sort out unnecessary issues,
  - make it more easy to follow and understand (language)
PPA–accounting system

- A rule based uniform system, obligations should be easy to understand and followed in the same way by all party units, irrespectively of size and competence.
- Simplified obligations for party units that consist solely of volunteers.
Part 1. The Income statement

- All inclusive system – all income and expenses should be recognised, including illegal donations that are kept.
- Focus on income as the most corruption risky part, i.a by itemizing possible sources for donations.
- Expenses outlined in two different ways, both classified by activity and by nature.
Assets, distributed as:
- Fixed (tangible),
- Financial fixed,
- Current

Equity and Liabilities, distributed as:
- Equity (object capital)
- Non–current liabilities
- Current liabilities

Simplified rules – in order to make the estimation, depreciation and writing down easier and more comparable
Part 3. The Notes disclosure (explanatory remarks)

- The scope is broad and covers i.a:
  - all gifts, contributors (direct or in direct), creditors, sponsors above certain threshold limits, warranties, remunerations, fees, etc
  - all business agreements with donators irrespective of economic value
  - number of members and employees
  - some standard notes from the AA
Bookkeeping in the PPA

- Basically, the rules in the PPA and PPAR are fully in compliance with the Bookkeeping Act and regulations – only minor simplifications.
- Attached to the PPAR – a basic guide explaining the accounting and bookkeeping concepts. Contains concrete examples for the application of the rule.
- Example accounts published.
Political Parties’ Portal (PPP)
-system for handling state grants and manage political parties’ information

Developed by the County Governor of Sogn og Fjordane, Norway
Main tasks of Political Parties’ Portal

- Handling applications from political parties
- Manage disbursements
- Overview of relevant information
- Search module
The Political Parties’ Portal - Overview

Political parties and units:
- Applies for grants
- Submit financial reports to SN
  - etc
2 800 party org.
Log in eg. Buypass

Statistics Norway (SN)
Web-reporting in 2015

Disbursement of state grants

Political Parties Portal

Ministry

County Governor (19)

PPAC Monitoring/controlling authority

Party Auditing Committee

Decisions
Political parties requirements (2013)

– One portal to the public for all relevant matters concerning the PPA
– Facilitated overview over the complete party group
– Search module
– Link to web reporting at SN on income, expenses
– Party units can easily check their status by a traffic light system
Search tool
How to get access?

– Authentication by “ID-porten”, the Norwegian official log-in solution (security level no 3)
– Application for a “role” – handled by the party level above, (or) the county governors and the Ministry (central level)
Norwegian reporting system on political parties' financing

Developed by the Statistics Norway (SN)
Statistics Norway’s main tasks

- operate the population register
- data collection by survey
- publishing
- annual report to the supervision/controlling authority about lacking or insufficient reporting
I: Population administration

- 3,800 units
- ca 700 returned introduction letters / year
  - incorrect contact information registered
- Central political parties non-updated on own party group addresses

Obligatory to report
Solution

**Political Parties’ Portal at CGSF**
Population administration on the web

Contact info:
- Registration by the units themselves
- Verification by central units
- Controlled by County Governor
II: Reporting

• Yearly, compulsory survey

• No reporting = no governmental funding

legal sanctions possible
Reporting (cont.)

- web-reporting
  - relevant questions only
  - pre-print of available info
  - controls included
  - summing up of answers
  - signing and archiving acc. to law, automatically

- paper reporting
  plain questionnaire, showing all questions, 50 self controlling of answers
Data handling (cont.)

Web-reported data
• directly into the production system
• detailed info + statistical aggregations

Paper reported data
• Optical readable questionnaire
• Scanning

Publishing all on the web
http://www.partifinansiering.no/
IV: Illegal donation

One question explicitly on illegal donations furthermore

15 specific questions on donations
- type of contributors
- monetary and non-monetary
- identification

19 of 50 questions on donations