

# **APPEAL of the Promo-LEX Association on the necessity for reports on the financial management of political parties in the second half of 2016 to be presented and examined by 15 January 2017**

*The Promo-LEX Association makes an appeal to political parties and selected public authorities to ensure transparency and to present reports (and that the CEC receive the reports) about the financial management of political parties in the second half of 2016 by the date established by law, 15 January 2017.*

In conformance with Art. 29 (1) of Law No. 294 from December 21 2007 on Political Parties and para. 65 of the Regulation on Financing the Activities of Political Parties, approved by Decision no. 4401 of the Central Electoral Commission (CEC) on December 23 2015, political parties **have the obligation to present semi-annual and annual reports on their financial management to the CEC.** Political parties that benefit from grants of public money are obligated to present their reports to the Court of Accounts as well.

We draw attention to the fact that the Law cited above sets the deadline for presenting the semi-annual reports as the 15<sup>th</sup> of the last month in the reporting period. We find the law problematic in this regard because the deadline for reporting should be outside the reporting period, as it is for annual reports. Accordingly, just as annual reporting takes place by March 31, semi-annual reporting should be completed by July 15

and January 15 respectively.

In addition, the Promo-LEX Association requests that the CEC review the contents of the Regulation on Financing the Activities of Political Parties. Regarding para. 65 of the Regulation in particular, we specify that the date for semi-annual reporting was set according to the logic explained above, but only the date July 15 was included in the legislation; a date for the second semi-annual report was omitted. This change should be made in the regulation on reporting for both semi-annual periods.

***According to what has been stated, the Promo-LEX Association calls the attention of political parties to the importance of conforming to the law described above and of submitting the reports for the second semester of 2016 before January 15 2017.*** Among other cases, we mention that in the recent election campaign the Central Electoral Commission warned two political parties that they had made transfers from their party accounts to the Electoral Fund of their candidates, thereby reducing the transparency of the campaign. ***In addition, by possibly delaying the presentation of financial reports for more than 2.5 months, the CEC contributes to the fact that absolutely all political parties can avoid transparency for the named period.***

***According to the relevant legal provisions, the reports will be checked and analyzed by the CEC.*** During the course of this verification, the Commission has the right to ask political parties, as well as public and private institutions, for necessary information within the limits of its jurisdiction. Political parties and other selected institutions are obligated to present the requested information *within two weeks*. By request and as a function of the nature of the information requested, this period can be extended by the CEC, but still, in general, *it cannot exceed a month*.

The information contained in the annual reports of political

parties about the revenue accumulated and expenditures made, *including the identity of the donor and the sums donated, in addition to the concluding information (conclusions) of the reports (opinions) of an independent audit must be placed on the webpage of the CEC within 48 hours of the reports being received and accepted, as well as on the webpages belonging to the political parties, if they exist.*

***Political parties that have violated regulatory provisions on financial management*** are punishable by contraventional responses according to the Contraventional Code (article 48<sup>1</sup>), that is:

- The non-submission by a political party of reports about its financial management in the period and format established by the CEC, including the presentation of incomplete data in the report, is punishable by a fine from 300 to 500 conventional units applied to persons in positions of responsibility.
- Infringements of reporting requirements or the use of the property of political parties, including the failure to report the identification data of donors, is punishable with a fine of 100 to 300 conventional units applied to persons in positions of responsibility.

***According to article 31<sup>5</sup> of the Law on Political Parties, statements on the violation of provisions*** relating to the financing and financial management of political parties can be submitted by any person with the right to vote or by a legal entity in the Republic of Moldova, including by authorities or public institutions, within a period of 30 calendar days from the moment when the violation becomes known.

In the opinion of the Promo-LEX Association, the contents of article 31 of the Law on Political Parties explained above, corroborated by the provisions of article 22 (1) (q) of the Electoral Code, obligate the CEC to take action on its own in

cases of violation of the legislation on the subject of financial reporting by political parties.

The statement must contain the personal data and contact information of the author of the statement, a description of the situation that may have constituted a violation, proof of the violation, and the signature of the person that submitted it.

***In particular, the Promo-LEX Association emphasizes*** that political parties, as non-commercial organizations that do not receive cash profits in the course of their economic operations (selling goods, doing work, providing services), must keep accounting records including receipts even when cash registers are not used, according to points 6 and 17 of the Regulation on the Use of Cash Registers (CCR), approved by Decision no. 474 of the Government on 28.04.1998. Therefore, *the collection of membership and subscription fees from members requires the issuance either of a formal receipt or of a statement acknowledging the money received.*

The Promo-LEX Association