

Financial rules applicable to the general budget of the Union: financing of European political parties

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Opinion No 1/2013 concerning the proposal for a regulation of the European Parliament and of the Council on the statute and funding of European political parties and European political foundations and concerning the proposal for a regulation of the European Parliament and of the Council amending Regulation (EU, Euratom) No 966/2012 as regards the financing of European political parties.

Whilst acknowledging that the Commission's proposals address a number of shortfalls in the provisions currently in force, the Court feels that some further issues need to be addressed in order to encourage a European political culture of independence, accountability and responsibility, to strengthen scrutiny and avoid the potential abuse of the funding rules.

The main points are as follows:

Donations: the Court considers:

- the definition proposed for the term 'donation' is **too narrowly worded**, leaving room for European political parties and foundations to circumvent transparency requirements and maximum thresholds;
- the proposal does not specifically regulate donations from natural or legal persons who provide **goods and services** for EU institutions or for other public authorities involved in the management of EU funds;
- no rules are proposed on donations to entities which are **related, directly or indirectly, to European political parties** or foundations or are otherwise under their effective control;
- the proposal does not specifically regulate **donations from private entities based in non-member countries or from international organisations**.
- clear rules should be set in respect of donations from the **public authorities of EU Member States** to European political parties and European political foundations

Contributions: whilst the proposal limits donations to a value of EUR 25 000 per year and per donor, no ceilings are set for individual contributions from members of political parties and foundations.

Loans: there are no provisions on loans, their sources and their terms and conditions, which means that there is a risk of rules on donations and contributions being circumvented by receiving loans at particularly advantageous conditions.

Sanctions: the maximum amount for fines is limited to 10 % of the annual budget of the party in question corresponding to the year in which the sanction is imposed. Fines would be decided by Parliament. For irregularities related to donations and contributions, the Court recommends a less discretionary approach.

The amount of a fine should be a **multiple of the irregular amounts involved, without a maximum ceiling.**

Furthermore the Court recommends that mandatory administrative and financial penalties should also apply where the European Parliament or the Court are prevented from exercising their audit powers.

Direct donations to candidates or elected representatives: the Court draws attention to the need for rules regarding the funding of political parties to apply *mutatis mutandis* to the funding of campaigns of individual candidates for European elections or elected representatives. This would mitigate the risk of the provisions on the funding of political parties being circumvented by direct donations to candidates or elected representatives.

Eligibility conditions for EU funding and some other concepts: these should be defined in greater detail including:

- the nature of the expenditure of European political parties which may be funded from the EU budget. Such a definition would provide useful guidance for the calls for contributions to be issued by the European Parliament;
- the **proposal amending the financial regulation** should also make it clear that European political parties receiving a contribution from the general budget shall not receive other funds from the budget.

Accounts and reporting obligations: in order to enhance comparability and transparency, it would be preferable to have a standardised, accruals-based, presentation of accounts and detailed reporting obligations, **using a compulsory model**, which would apply to all political parties and foundations independently of the law applicable in the Member State in which they have their seat. Furthermore, those in charge of external audit should be selected, mandated and paid by the European Parliament to ensure consistency in the performance of the external audit function and facilitate the monitoring of this activity.