



Non-party campaigners

Guidance on expenditure and donations
for elections in 2010

January 2010

Translations and other formats

For information on obtaining this publication in another language or in a large-print or Braille version, please contact the Electoral Commission:

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1 About this guidance

1.1 The Electoral Commission is an independent regulator established by the UK Parliament. One of our objectives is ensuring the integrity and transparency of party and election finance. The Political Parties, Elections and Referendums Act 2000 (PPERA) introduced rules on donations, loans and spending on electoral campaigning by political parties, non-party campaigners and some other entities. We are responsible for making sure that those we regulate comply with PERA.

1.2 We recognise that it is vital for the health of our democracy that political parties and other campaigning organisations and individuals are able to develop policies, campaign and get their message across. To be able to do this, they need to raise money to fund their activities. Our role is to ensure transparency by building and maintaining confidence that the law on donations, loans and spending is followed.

1.3 This guidance explains the spending limits, restrictions on donations and reporting requirements for non-party campaigners at elections. Campaigners must register with us if they want to spend more than £10,000 in England, or £5,000 in Scotland, Wales or Northern Ireland, on election material in the run-up to the UK Parliamentary general election. You should read Chapter 2 to see if you may need to register with us. If you think you may need to, you can find form TP1 on our website at www.electoralcommission.org.uk/guidance/those-we-regulate/non-party-campaigners or contact us for specific advice.

1.4 Campaigners who register with us are known as 'recognised third parties'.

1.5 Each recognised third party must register a 'responsible person' with us. This person is legally responsible for complying with the controls. In this guidance, we use 'you' to refer to the responsible person.

1.6 This guidance covers the UK Parliamentary general election which will be held in 2010, and the local government elections in England and Wales on 6 May 2010. Third party spending limits also apply to elections for the Scottish Parliament, National Assembly for Wales and Northern Ireland Assembly. At the time of writing, there are no confirmed elections to these bodies in 2010, so they are not covered in this guide. If any elections are confirmed at a later date, we will issue supplementary guidance.

1.7 We use '**must**' when we refer to a specific legal or regulatory requirement. We use '**should**' for items we consider to be minimum good practice, but which are not legal requirements.

1.8 You do not have to follow this guidance, but if you do, you will normally be doing enough to comply with the law. If you do not comply with legal or regulatory requirements, you or your organisation may be subject to civil and/or criminal sanctions. Please see our website for more information.

1.9 If you have any queries not covered in this guidance, please get in touch with us at:

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2 The basics

2.1 This chapter outlines the basic information you need to know, and where in this guidance you can find more detail. It covers:

- the activities covered by the rules
- the length of the regulated period
- what the spending limits are
- who you can accept donations from
- planning and managing spending
- reporting to us after the election

2.2 The rules limit how much you can spend in the run-up to an election, and who you can accept donations from.



These rules cover campaigning in relation to one or more parties or types of candidate. There are separate rules under the Representation of the People Act 1983 on campaigning in relation to a specific candidate. These controls are not regulated by the Commission. Appendix A outlines the RPA 1983 controls.

Which activities are covered by the rules?

2.3 The rules cover producing and distributing 'election material' made available to the public, which includes leaflets, advertising, and online communication. Spending on these items is known as 'controlled expenditure'.

2.4 Briefly, 'election material' is material which can reasonably be considered as intending to influence the electorate in their voting choice. This includes:

- promoting or criticising a party or its candidates
- promoting or criticising parties or candidates who support or oppose particular policies, hold particular views or fall into a particular category of candidate

2.5 Election material does not need to mention a party or candidates by name. For example, you may be:

- campaigning for a particular policy, which is associated with one or more parties
- publicising the names of candidates who have a particular view on an issue such as hunting or education

2.6 If you are considering holding hustings events, you should read our separate guidance which is available on our website at www.electoralcommission.org.uk/guidance/those-we-regulate/non-party-campaigners.

2.7 We do not consider that materials available only to members of your organisation are election material if the content is within the aims or objectives of the organisation.

2.8 You can find more information on which activities are covered in Chapter 3.



Charities should refer to the Charity Commission's guidance, *Charities and Elections*, to make sure that their activities comply with charity law. Its website is www.charitycommission.gov.uk.

How long is the regulated period?

2.9 The regulated period began on 5 February 2009, unless Parliament is dissolved before 6 February 2010. The regulated period is usually 365 days for a general election, but if Parliament is dissolved after 5 February, it will be extended. This is because the period will overlap with the regulated period for last year's European Parliamentary elections.

What are the spending limits?

2.10 Your spending limit will depend on where you are campaigning. There are different limits on spending in England, Scotland, Wales and Northern Ireland. The limits are set out in the table below.

Table 1: Spending limits for 2010

| Area | Spending limit (£) |
|------------------|--------------------|
| England | 953,250 |
| Scotland | 126,000 |
| Wales | 71,259 |
| Northern Ireland | 33,750 |
| UK total | 1,184,259 |

2.11 You can find more information on how to allocate spending between countries at paragraphs 4.16–4.20.

2.12 Any spending during the regulated period for the 2009 European parliamentary elections will also count towards these limits. You should already have submitted your spending return for these elections.

2.13 If you spend money on election material for the local government elections on 6 May 2010, and use it during this period, that will also count towards the limit.

2.14 You must account for the full commercial value of free or discounted services. You can find more information on this at paragraphs 4.5–4.9.

2.15 Items that are bought before the regulated period begins, but are used during it, will count towards your limit. If you used some items before the period began, and some afterwards, you will need to include an appropriate proportion of the cost within your limit.

2.16 These expenditure limits do not apply at by-elections. This type of expenditure at a by-election would normally fall under the controls of the Representation of the People Act 1983 (see Appendix A).



If one or more third parties plan or arrange to spend money on a joint campaign, **all** the expenditure will count towards the individual spending limit for **each** participating third party. This applies whether or not all the third parties are registered with us.

So, if third party 'A' and third party 'B' each spend £50,000 on a joint campaign, both will have to count £100,000 of spending against their individual spending limits.

Who can I accept donations from?

2.17 You can only accept donations over £500¹ towards controlled expenditure from certain, mainly UK-based sources. You must report donations over £7,500 from the same source on a return to us after the election.

2.18 You only need to check and report donations that are given on the understanding that they will be used to meet controlled expenditure. The controls do not apply to payments to your organisation's general funds, unless you have received those funds specifically to enable controlled expenditure.

2.19 There is more information about donations in Chapter 5.

Planning and managing spending

2.20 Only the responsible person, or someone authorised by them, can incur spending on election materials on behalf of the third party.

2.21 You must keep records of spending on election materials, and of donations over £500. You must also keep invoices and receipts for amounts over £200.

2.22 You can find out more about planning and managing spending in Chapter 4.

Reporting to us after the election

2.23 After the election, you must submit a return of controlled expenditure and donations to us, together with the invoices and receipts. You can find more information about what to put into your returns in Chapter 6.

2.24 If you spend more than £250,000, your return must include a report from a qualified independent auditor. There is guidance for auditors and a template auditor's report in Appendix C. The deadlines for submission of the return are in the table below.

¹ The £500 threshold applies from 1 January 2010. For donations received before this date, the threshold was £200.

Table 2: Deadlines for submitting returns

| Amount of expenditure incurred | Deadline for submission of return |
|---------------------------------------|--|
| £250,000 or less | Three months after the general election date |
| More than £250,000 | Six months after the general election date |

2.25 If you do not meet the deadline, you may have to pay a civil penalty. You may also have committed a criminal offence. You can find more about civil penalties in paragraphs 6.18 –6.21.

3 What counts as controlled expenditure?

3.1 This chapter outlines:

- what is election material
- materials distributed to members
- what costs are covered by the rules
- what costs are not covered by the rules

3.2 You can find guidance on valuing spending at paragraphs 4.5–4.9, and find the information you need to put into your expenditure return in Chapter 6.

What is election material?

3.3 The Political Parties, Elections and Referendums Act 2000 (PPERA) defines election material as ‘material that can reasonably be regarded as intended to:

- promote or procure electoral success at a relevant election for:
 - one or more particular registered parties; or
 - one or more registered parties who advocate (or do not advocate) particular policies or who otherwise fall within a particular category of such parties; or
 - candidates who hold (or do not hold) particular opinions or who advocate (or do not advocate) particular policies or who otherwise fall within a particular category of candidates, or
- otherwise enhance the standing of any such party or parties, or of any such candidates, with the electorate in connection with any future relevant elections (whether imminent or otherwise)’

3.4 Material includes electronic media, such as websites and emails.

3.5 An item will be election material if it criticises a party or candidates, as you will be promoting the chances of success for other parties or candidates by doing so.

3.6 Material can be election material even if you also intend it to achieve something else, such as raising awareness of an issue.

3.7 Items that do not directly mention a party or candidates may still be ‘election material’ – for example, materials promoting or criticising particular policies or points of view commonly associated with a party or group of candidates. We recognise that in some cases, you may be unsure whether or not this type of material is controlled expenditure. If you are in any doubt, you should contact us for further advice.



If you are not sure whether or not something is election material, you should ask yourself why you are producing it and how it might be seen by others. If it seems at least partly intended to influence people’s voting intention, or give information about particular parties or candidates, it is likely to be election material.

If you are still not sure, please contact us for specific advice.



Printed election material must have an imprint on it. The imprint must give the name and address of the printer and promoter of the material. The promoter is the person or organisation responsible for the material. If the promoter is acting on behalf of someone else, their details should be included too.

Materials distributed to members

3.8 We do not consider materials sent only to members of your organisation to be election materials, provided that the material relates to an issue within the aims or objectives of the organisation.

3.9 If some of the material deals with issues that fall outside the aims and objectives of the organisation, a relevant proportion of the material may be controlled expenditure.

What costs are covered by the rules?

3.10 All the production and distribution costs of election material made available to the public are covered. This includes:

- agency and design costs
- staff time spent producing material
- delivery costs
- costs for part of a website dedicated to the campaign

3.11 You must include all relevant costs for material used during the regulated period, whenever they were actually paid for.

3.12 If spending is incurred as part of an arrangement between you and one or more other third parties, this will count towards the limits for all of you. So, if third party 'A' and third party 'B' each spend £50,000 on a joint campaign, both will have to count £100,000 of spending against their individual spending limits. This applies whether or not the other third parties are registered with us.

What costs are not covered by the rules?

3.13 The following are not controlled expenditure:

- anything which is treated as campaign expenditure by a registered political party, or a candidate's election expenses – see our separate guidance on what is included at www.electoralcommission.org.uk/guidance/those-we-regulate.
- anything (other than an advertisement) in:
 - a newspaper or periodical
 - a broadcast made by the British Broadcasting Corporation or by Sianel Pedwar Cymru, or
 - a programme included in any service licensed under Part I or III of the Broadcasting Act 1990 or Part I or II of the Broadcasting Act 1996
- any travel or other personal expenses incurred by individuals that you do not reimburse
- work done by volunteers

4 Planning and managing your spending

4.1 This chapter outlines:

- the rules on authorising and paying for spending
- valuing free or discounted services
- splitting expenses
- the time limits for getting and paying invoices
- how to allocate spending across the UK

Authorising and paying controlled expenditure

4.2 The 'responsible person' of the recognised third party has overall legal responsibility for its campaign finances.



Only the registered responsible person, or someone authorised by them in writing, can legally incur or pay controlled expenditure on behalf of a recognised third party.

4.3 Where the campaign covers a large geographical area, or where authorisation to incur and pay controlled expenditure has been decentralised, you should ensure that a proper system of written authorisation is in place before any expenditure is incurred, and that the authorisations are recorded to give an audit trail.

4.4 You will also need to ensure that all volunteers and staff working on the campaign are fully aware of the rules on authorising controlled expenditure.

Valuing free or discounted items or services

4.5 On your expenditure return, you must declare **the full commercial value** for items or services which are:

- given free of charge or at a discount of more than 10% of the commercial rate, and
- worth more than £200

The difference between what you pay (if anything) and the commercial value of the item or service is called 'notional expenditure'.

4.6 You do not need to count anything valued at £200 or less, any discount of 10% or less, or commercial discounts of 10% or more. Commercial discounts are those given by a supplier to other customers, such as a bulk-order discount.

4.7 You must make sure that the value declared is a fair and honest assessment of the commercial rate. If the supplier is a commercial business, the commercial rate is what they would normally charge another customer for the same item or services.

4.8 If they do not usually supply to other customers, you should find out how much a commercial supplier would charge. The internet may be helpful in checking prices.

4.9 You should keep records of how the value has been reached, including any quotes obtained.



Notional expenditure is usually also a donation if it has a value over £500. You can only accept donations from certain sources, which are mainly UK-based.

You can find more information about donations in Chapter 5.

Splitting expenses

4.10 You may need to split costs if

- you started campaigning before the regulated period began
- your publications combine election material and non-election material
- your staff produce election material alongside other duties, using office resources

Key principles

4.11 Sometimes it will be easy to split costs. For example, the contents of a leaflet may be divided equally between general issues and electoral issues. In this case, half the costs of this leaflet should be counted towards controlled expenditure.

4.12 Sometimes, it will not be so straightforward, for example, when your staff produce election material alongside their other duties. In these cases, there are no hard and fast rules. Instead, you should follow the guiding principle below.



The guiding principle

You should make an **honest assessment on the facts** of the proportion of the costs that can be attributed fairly to controlled expenditure – that is, to producing and distributing election material during the regulated period.

This is important because when you sign the declaration for your expenditure return, you are confirming that the return is complete and correct to the best of your knowledge and belief. It is a criminal offence to knowingly or recklessly make a false declaration.

Time limits for getting and paying invoices

4.13 **You must ensure that all suppliers have sent you their invoices within 21 days of the date of the election.** You cannot legally pay any claims that are received after this deadline unless you obtain a court order allowing you to do so.

4.14 **You must pay all timely claims for payment within 42 days of the election.** If you miss this deadline, you must obtain a court order to make the payment, regardless of when you received the claim.

4.15 If you pay a claim following a successful application for a court order, you must report this to the Commission on your expenditure return.

How to allocate spending across the UK

4.16 You must allocate expenditure between England, Scotland, Wales and Northern Ireland on the expenditure return. This is because there are different limits on spending in each part of the UK – see Chapter 2, Table 1.

4.17 Where the spending relates to only one part of the UK, this is straightforward. You should allocate it entirely to the relevant part.

4.18 Where spending relates primarily to one part, you should allocate it entirely to that part, even if there is a minor overlap into another part. For example, a newspaper may be distributed mainly in Wales, with a small percentage sold in adjoining English counties. Advertising in this newspaper should be allocated entirely to Wales.

4.19 If you distribute leaflets, you should allocate the cost between the parts of the United Kingdom according to the proportion delivered in each part.

4.20 If the spending relates equally to more than one part of the UK, you will need to divide it between them in proportion to the number of Parliamentary seats in each. These are 533 in England, 59 in Scotland, 18 in Northern Ireland and 40 in Wales.

4.21 So, if you spend £10,000 on a website, you should first divide it by 650 (the total number of Parliamentary seats). Then, to get the proportions, multiply it by 533 for the English proportion, 59 for the Scottish proportion, 18 for the Northern Irish proportion and 40 for the Welsh proportion.

5 Handling donations

5.1 This chapter outlines:

- what is a donation
- who you can accept donations from
- what you need to do when you receive a donation
- the information you need to record for your expenditure return

What is a donation?

5.2 A donation is something given to you to pay for controlled expenditure with a value **over £500**,² and that is:

- money
- items or services provided free of charge or not on commercial terms
- payment of invoices for election expenses that would otherwise be paid by the third party
- sponsorship
- any loans that are not on commercial terms

5.3 An item is not provided on commercial terms if the supplier gives you a deal that is not available to other customers.

5.4 **Sponsorship** means help given towards the costs of controlled expenditure, such as payment in return for co-branding on a publication. It does not include the retail price of a publication or advertisements bought at a commercial rate.

5.5 You must put a value on any donation that is not money. To do this, you should follow our guidance on how to value notional expenditure. You can find this at paragraphs 4.5–4.9.



In this guidance we use 'donation' to refer to amounts over £500. You can accept donations of £500 or less from anyone. You do not need to keep records of these.

However, it is an offence to try to evade the controls by giving or accepting several donations of £500 or less, and you should seek advice from us if you think this may be happening.

Who can I accept donations from?

5.6 You must only accept donations from certain sources, which are mainly UK-based. They are:

- someone on a UK electoral register (including overseas electors and bequests)

² The £500 threshold applies from 1 January 2010. For donations received before this date, the threshold was £200.

- a company that is:
 - registered in the UK
 - incorporated in an EU member state, and
 - carrying on business in the UK
- a registered political party
- trade unions, building societies, limited liability partnerships and friendly/industrial provident societies if registered in the UK
- a UK-based unincorporated association

5.7 You must check that donations come from one of these sources as soon as possible. If someone has passed on a donation on someone else's behalf, this must be treated as a donation from the original source, and not the person passing it on.

5.8 You can find more information on how to make the necessary checks in Appendix B.

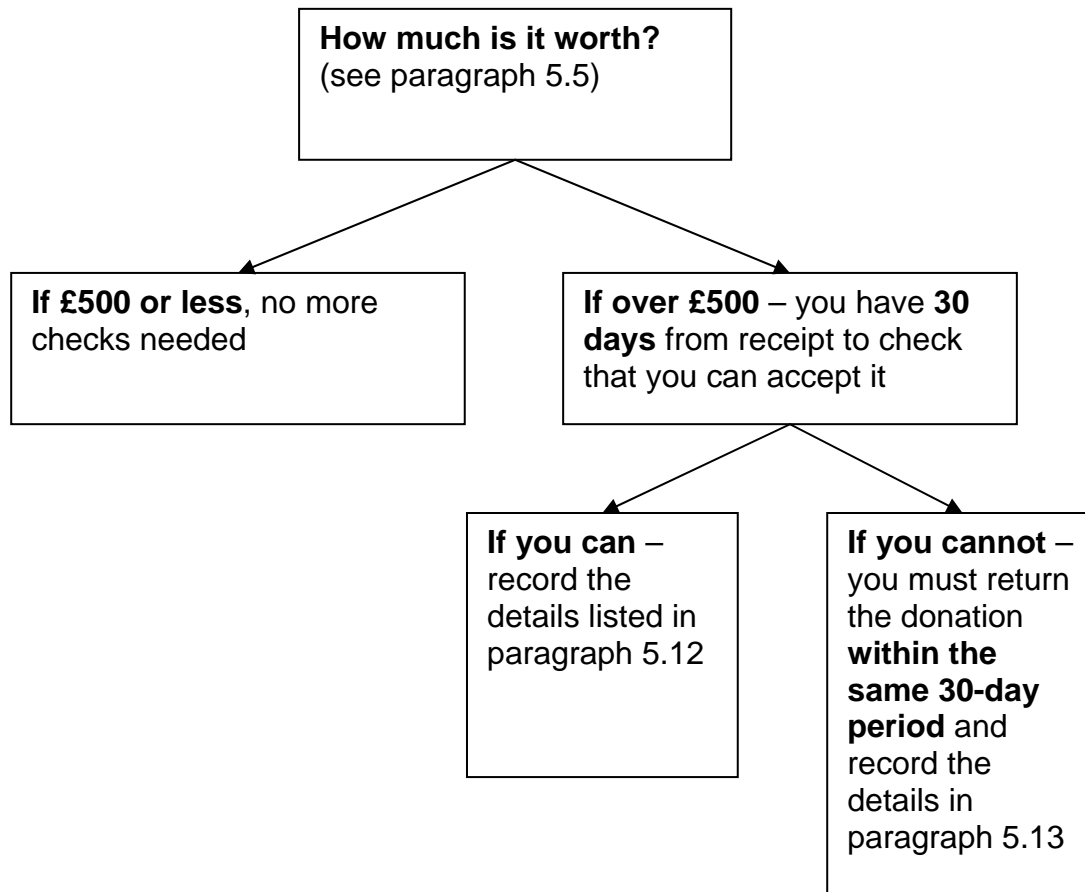
5.9 You must return any donations that are anonymous, or where the donation is not from a permissible source. You must do this within 30 days of receiving the donation. After 30 days, the donation is deemed to be accepted, and we may apply to the courts for it to be forfeited to us.

5.10 Sometimes it is not possible to return a donation to its source. For example, you may not be able to trace the donor, or send it back through the banking system. If this is the case, you must send it to us. We pay it into public funds.

What do I need to do when I receive a donation?

5.11 Chart 1 below shows the steps you must take when a donation is received.

Chart 1: What to do when a donation is received



5.12 For donations that you accept, you must record:

- the donor's name and address (this must be the registered address for companies and other registered donors)
- the company number (if applicable)
- the date you received the donation
- the date you accepted the donation (this is the day when you decided that you could accept the donation)

5.13 For donations you are not allowed to accept, you must record:

- the donor's name and address (if known)
- the date you received the donation
- the date you returned it, and how you returned it

5.14 You must report all donations that add up to more than £7,500 from the same source in the same calendar year. When adding donations together to find this total, you do not need to count donations of £500 or less.

6 After the election

6.1 After the election, you must report your spending and any donations to us. This chapter outlines:

- the deadlines for reporting
- information about your spending return
- information about your donation return
- penalties for late submission

6.2 You can find return forms and explanatory notes on our website. If you complete our forms, you will be including all the required information. However, we will accept returns in any format, if they contain all the information required to be included in the return.



If you have submitted a return for the 2009 European Parliamentary elections, you do not need to give full details of the expenditure and donations you have already reported. Instead, you must provide the relevant totals.

Deadlines for reporting

6.3 If you incurred expenditure of £250,000 or less, you should submit the return within **three months** of the date of the election.

6.4 If you incurred expenditure of more than £250,000, you should submit the return and the independent report by a qualified auditor within **six months** of the date of the election.

6.5 You can find information for auditors in Appendix C.

About your spending return

What you must include

6.6 The spending return must include:

- the election(s) to which the return relates
- a declaration signed by the recognised third party's responsible person
- a list of all payments made by the recognised third party (including appropriate details for each, see below)
- a list of all items of notional expenditure
- a list of any outstanding disputed invoices
- a list of any unpaid invoices

6.7 For each item of spending, the return should specify:

- the name and address of the supplier
- the amount of expenditure incurred

- the proportion of expenditure that relates to England, Scotland, Wales and Northern Ireland (if applicable)
- the date the expense was incurred
- the date the claim for payment was made
- the date the payment was made

6.8 For each unpaid or disputed claim, you must also include the reason the claim is unpaid or disputed.

6.9 You must include invoices or receipts for all payments over £200. There is no need to submit these for notional expenditure.

Declarations

6.10 The controlled expenditure return must be signed by the recognised third party's responsible person. The following declaration must be made:

I declare that I have examined the information in this return and that, to the best of my knowledge and belief, it is a complete and correct return as required by law, and that all expenses shown in it as paid have been paid by me or by a person authorised under Section 91 of the Political Parties, Elections and Referendums Act 2000.

6.11 Where notional expenditure of more than £200 has been incurred, you must submit a declaration of value.

About your donation return

What you must include

6.12 You must include:

- the election to which the return relates
- a declaration signed by the responsible person
- details of all accepted permissible donations of more than £7,500 (including donations from the same source which add up to more than this)
- total value of accepted donations between £500 and £7,500
- details of any donations received from impermissible sources
- details of any donations received from unidentifiable sources

6.13 For each permissible donation of more than £7,500, the return should specify the following details:

- the amount or value of the donation
- the date on which the donation was received
- the date on which the donation was accepted
- the amount or nature and value of the donation
- the full name of the donor
- the registered address of the donor:

- in the case of individuals, this should be the address at which the donor is registered to vote
- in the case of a donation from a bequest, the address at which the donor was last registered to vote in the five years before their death
- where the donor is a company, the company registration number

6.14 For each donation received from an impermissible source, the return must specify the following information:

- the name and address of the donor
- the amount or value of the donation
- the date when the donation was received, and the date when and the manner in which the donation was dealt with

6.15 For each donation received from an unidentifiable source, the return must specify the following information:

- details of the manner in which the donation was made
- the amount or value of the donation
- the date when the donation was received and the date when, and the manner in which it was dealt with

Declaration

6.16 The donation return must be signed by the recognised third party's responsible person. The following declaration must be made:

I declare that to the best of my knowledge and belief all relevant donations recorded in this return as accepted are from permissible donors and that no other relevant donations have been accepted in respect of the election.

Penalties for late returns

6.17 If you submit your expenditure and donation return (or audit report if relevant) late, your organisation may be liable for a civil penalty.

6.18 The amount of the penalty is determined by the period between when the return was due and when we receive it, as set out in Table 3 below.

Table 3: Penalties for late returns

| Length of Period | Penalty |
|-------------------------|----------------|
| Not more than 3 months | £ 500 |
| 3–6 months | £1,000 |
| 6–12 months | £2,000 |
| More than 12 months | £5,000 |

6.19 For each subsequent period of 12 months during which the requirements are not complied with, a further £5,000 fine is payable.

6.20 You or your organisation may also have committed a criminal offence.

Appendix A – Representation of the People Act 1983 controls

The Representation of the People Act controls on non-party campaigners are not regulated by the Commission. This appendix outlines the controls, but we are not able to give further advice and guidance. Any complaints of breach of these rules should be referred to the police.

These rules apply only to campaigning in relation to a specific candidate. They do not apply to campaigning in relation to parties or issues generally – this type of spending is covered by the main section of this guidance.

The controls apply to the following elections:

- UK Parliamentary
- European Parliamentary
- Scottish Parliamentary
- National Assembly for Wales
- Northern Ireland Assembly
- local government

You can spend up to a specified amount on the following activities:

- holding public meetings or organising any public displays
- issuing advertisements, circulars or publications, or
- presenting a candidate or their views, or the extent or nature of their backing, or disparaging another candidate

The specified amounts for elections that will be held in 2010 are shown in Table A1 below.

Table A1: Spending limits for 2010

| Election | Limit |
|------------------|---------------------------|
| UK Parliamentary | £500 |
| Local government | £50 plus 0.5p per elector |



There is no requirement to register as a recognised third party if you intend to campaign for or against a single candidate. However, if you intend to campaign for or against a number of candidates and spend more than £10,000 in England or £5,000 in Scotland, Wales or Northern Ireland on election material, you need to register with us as a recognised third party and follow the rules covered by the main section of this guidance.

Appendix B – How to check if a donation is from a permissible source

Table B1 below shows which register or list you need to check to make sure that a donor is permissible. Most of these registers can be found on websites, and we have given links that were correct in January 2010.

Some registers include organisations that are not permissible. For example, the companies register includes UK branches of companies not incorporated in the EU. You should check all the information on the register carefully and contact us for advice if you are not sure what it means.

Table B1: Register or list you need to check to make sure that a donor is permissible

| Type of permissible donor | Register/List/Legislation/Order on or under which a donor must be registered to be a permissible donor |
|---------------------------|---|
| Individual | Must be registered on a UK electoral register. |
| Company | Must be registered under the Companies Act 1985 or the Companies (Northern Ireland) Order 1986, incorporated within the EU, and carry on business in the UK. You can check the register on the Companies House website at www.companieshouse.gov.uk . |
| Trade Union | Must be entered on the list maintained under the Trade Union and Labour Relations (Consolidation) Act 1992 or the Industrial Relations (Northern Ireland) Order 1992. You can check the list at www.certoffice.org . |
| Building Society | Must be a building society within the meaning of the Building Societies Act 1986. You can check the register at http://mutuals.fsa.gov.uk . |

| | |
|-------------------------------|--|
| Limited Liability Partnership | Must be registered under the Limited Liability Partnerships Act 2000 (or equivalent Northern Ireland legislation) and carry on business in the UK. |
|-------------------------------|--|

You can check the register on the Companies House website at www.companieshouse.gov.uk.

| | |
|---------------------------------------|---|
| Friendly/Industrial Provident Society | Must be registered under the Friendly Societies Act 1974 or the Industrial and Provident Societies Act 1965 or the Provident Societies Act (Northern Ireland) 1969. |
|---------------------------------------|---|

Friendly societies are registered by the Financial Services Authority. You can check the register at <http://mutuals.fsa.gov.uk>.

The UK electoral register is not available online, as there are restrictions on its use in order to protect people's personal information. It is available for inspection at your local council. Third parties registered with us can get a free copy from the Electoral Registration Officer at each council.

These copies must only be used for electoral purposes or for checking whether or not an individual donor is permissible. It is a criminal offence to use this information for other purposes.

There is no register of unincorporated associations. You should check with the association that it has its main office in the UK and is carrying on business or other activities in the UK. If you are not satisfied that this is in fact the case, please ask us for advice.

What does 'carrying on business' mean?

You should check at Companies House to make sure that a company or limited liability partnership is not in liquidation, or about to be struck off the register for other reasons, and that it is up-to-date with submitting accounts and returns. This information is available from the Companies House website www.companieshouse.gov.uk.

The business does not have to be intended to make a commercial profit.

If the donor is a newly-established organisation, you should consider any evidence that it may have started trading. If you are in any doubt as to whether or not a donor is carrying on business, please ask us for advice.

Appendix C – Information for auditors

Guidance for independent auditors

Where a recognised third party's controlled expenditure exceeds £250,000, a report on the return must be prepared by a qualified auditor as defined by Section 160 of Political Parties, Elections and Referendums Act (PPERA). The return and the auditor's report must be submitted to the Commission within six months of the date of the election. The purpose of the report is to offer an opinion on whether the summary of controlled expenditure reported by the recognised third party provides a true and fair view of their controlled expenditure as required by PERA.

The audit report should be attached to a summary of controlled expenditure incurred. The summary should specify:

- the recognised third party's name
- the amount of expenditure incurred in each part of Great Britain, and
- the recognised third party's controlled expenditure limit

The audit report should confirm that the recognised third party's total controlled expenditure as reported in the summary of expenditure was based on the expenditure return, and should therefore provide an opinion as to whether the summary provides a true and fair view in all material aspects of the recognised third party's controlled expenditure as reported in the return. The opinion will be based on whether the summary has been prepared in accordance with the current explanatory notes providing guidance on the statutory requirements.

A template of an auditor's report and summary of expenditure follows this guidance.

The auditor's report should be compiled after sufficient work has been carried out to enable the auditor to be satisfied that the return of controlled expenditure is free from material misstatement. This work should include a review of the controls in place to ensure that all controlled expenditure is appropriately recorded and included in the return, and relevant and adequate testing to ensure that there is a reasonable expectation that misstatements are identified.

It is expected that auditors will need to audit the key systems of control employed by the third party to ensure that expenditure is incurred and paid in accordance with PERA. For example, they will need to ensure that formal delegations of authority were set or that proof exists that services were incurred by a responsible person. If auditors are unable to verify that a material amount of expenses has been incurred or paid in accordance with PERA, the audit opinion should be qualified accordingly.

Included in the return will be items of notional expenditure. Auditors should be aware of the reporting requirements on notional expenditure and satisfy themselves that the declaration signed by the responsible person reflects the requirements of PERA. The recognised third party's controls for identifying, valuing and reporting items of notional expenditure should be reviewed to ensure that as far as can be reasonably expected, all items of notional expenditure have been included in the return at a fair value. Further guidance on notional expenditure is available in

Chapter 5 of this guidance. Similar consideration should be given to the completeness and value of incremental overhead costs. Further guidance on overheads is also available in Chapter 4 of this document.

The auditors engaged to carry out this task should provide the recognised third party with a letter of engagement that sets out the scope and nature of the work to be carried out in order to form an opinion to be specified in their report. The letter of engagement should also be delivered to the Commission with the controlled expenditure return and audit report. This letter will not be made public.

The recognised third party's controlled expenditure return, auditor's report and summary of the return of controlled expenditure are made available for public inspection and on the Commission's website. Copies may be taken of the supporting documents submitted with the return.

Template auditor's report

Addressee – Responsible person
Recognised third party

We have examined the attached summary of controlled expenditure for the recognised third party's 20xx [relevant election] campaign, which has been extracted from the controlled expenditure return (the return) prepared by [recognised third party's responsible person] under Section 96, Political Parties, Elections and Referendums Act 2000 (PPERA). The summary of controlled expenditure has been prepared in accordance with the Commission's *Recognised third parties: Guidance on expenditure and donations for elections in 2010*.

Respective responsibilities

The responsible officer of a recognised third party is responsible for:

- keeping proper accounting records for the recognised third party in respect of the [relevant election]
- ensuring that the recognised third party's controlled expenditure were authorised in accordance with the requirements of Section 90 of PERA
- the completion under Section 96, PERA, of the return of controlled expenditure incurred by or on behalf of the recognised third party between [start of regulated period] and [date of the election] in respect of its 20xx [relevant election]
- making reasonable judgements and estimates in determining the recognised third party's controlled expenditure
- confirming to the best of their knowledge and belief that the expenditure reported in the recognised third party's return is complete and correct
- preparing the summary of controlled expenditure and ensuring it is consistent with the return

It is our responsibility, as a qualified auditor, to report on the summary of controlled expenditure, under Section 97 of PERA. Specifically, our objective is to provide an opinion on whether the controlled expenditure reported on the summary provides a true and fair view in all material aspects in accordance with the *Recognised third parties: Guidance on expenditure and donations for elections in 2010*.

We also report to you if, in our opinion, the recognised third party's responsible person has not kept proper accounting records in respect of the recognised third party's controlled expenditure, if expenses have not been incurred or paid in accordance with the requirement of Sections 90–93, PERA, or if we have not received all the information and explanations we require for our examination.

Basis of our opinion

The nature of our examination is set out in our letter of engagement dated [xx], a copy of which has been provided to the Electoral Commission. We have reviewed the basis on which the recognised third party's [responsible person] has prepared the summary of controlled expenditure. This included examination, on a test basis,

of evidence relevant to the controlled expenditure incurred by or on behalf of the recognised third party in respect of the 20xx [relevant election] campaign. We have also assessed the significant estimates and judgements made by [recognised third party's responsible person] in preparing the return.

We planned and performed our procedures so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the summary of controlled expenditure provides a true and fair view in all material respects of the recognised third party's controlled expenditure, in accordance with the guidance.

Opinion

In our opinion the summary of controlled expenditure [does]/[does not] provide a true and fair view in all material respects of the controlled expenditure incurred by or on behalf of the recognised third party between [start of regulated period] and [date of election] in respect of its 20xx [relevant election] campaign, in accordance with the guidance.

This report is intended solely for the use of the recognised third party's [responsible person] and the Electoral Commission, in connection with the recognised third party's responsibilities under Part VI of PPERA. The Electoral Commission may make the report public as permitted under PPERA. We do not accept any duty of care or responsibility to the Electoral Commission in relation to our report and will not accept any liability or responsibility to anyone else to whom it is shown or into whose hands it may come.

Auditor

Date.....

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To contact our offices in Scotland, Wales,
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see inside back cover for details.

We are an independent body set up by
the UK Parliament. Our aim is integrity and
public confidence in the democratic process.
We regulate party and election finance and
set standards for well-run elections.

Democracy matters