

Statement of Accounts – update

The Electoral Commission held a public consultation in 2008 on proposals to introduce standard requirements for the statements of accounts prepared by registered political parties under the Political Parties Elections and Referendums Act 2000 (the 2000 Act). In late October 2008, we announced that in view of the responses to that consultation, we intended to work with parties during 2009 to seek to agree mandatory requirements for introduction in financial year 2010.

Since October, we have discussed initial drafts of new guidance with a number of registered parties. Those discussions have highlighted several concerns about the scope and complexity of the standard requirements set out in the draft guidance, particularly for accounting units below the £250,000 threshold at which an external audit of accounts is required. They have also raised some questions of principle, for instance about how financial transfers between different accounting units of a party should be treated.

In the light of these issues, the Commission decided to review the standardisation project. The review concluded that there are important transparency benefits to be gained from a mandatory standard approach to the reporting of parties' income, and potentially to other matters such as transfers and expenditure. The Commission will therefore continue to develop proposals for mandatory standard requirements.

The Commission also considered the timetable for making this change. Our conversations with parties identified that they felt it would take some time to confirm the scope of the new standard requirements, and to translate them into regulations and practical guidance. In finalising its proposals the Commission's aim will be to achieve the required level of transparency while imposing the minimum necessary burden on parties and their staff, many of whom are volunteers.

In the light of:

- the further work needed to finalise standard requirements and provide training and guidance on them,
- the other changes to the regulatory regime for political parties that are expected to come into force around the beginning of 2010 as a result of the Political Parties and Elections Bill currently before Parliament, and
- the prospect of a UK Parliamentary general election by the middle of 2010 at latest,

We do not now think that it will be practicable to ask parties to adopt new standard requirements for their statements of accounts in financial year 2010. We are therefore developing a new timetable for taking the project forward, and will liaise with the Parliamentary Parties Panel and other interested bodies on this. In the meantime, we will revise the updated draft guidance that we circulated late last year, and will publish it for use as good practice guidance for those parties that wish to use it in compiling their statements of accounts for financial years 2009 and 2010.

If you have any questions in the meantime or would like more information, please contact Louise Rodgers on 020 7271 0715 or by e-mail at lrodger@electoralcommission.org.uk

