

INSTRUCTION

On the rules for receiving and publicizing annual financial reports of political parties upon their review

The Instruction shall regulate the relationships with regard to receiving, investigating and publicizing annual financial reports submitted by political parties in comply with the Election Code of the Republic of Azerbaijan (hereinafter referred to as - Election Code) and the Laws of the Republic of Azerbaijan “On accounting”, “On internal audit” and “Auditor’s service” prepared in accordance with the Law of the Republic of Azerbaijan “On political parties” and the Code of Administrative Offences of the Republic of Azerbaijan, “Rules for the form, content and submission rules of the financial reports (hereinafter referred to as- report) of political parties”, approved by the decision # 263 of the Cabinet of Ministers of the Republic of Azerbaijan, dated 16.11.2012, “Rules for simplified accounting of political parties”, approved by the decision # 238, dated 30.08.2013 and other legislative acts.

1. Requirements on receiving and period of the reports submitted by political parties

1.1 Political parties shall compile and submit financial reports together with auditor’s opinion to the Central Election Commission of the Republic of Azerbaijan (hereinafter referred to as - CEC) annually no later than April 1 with regard to their activity implied in the Charter as stipulated in the Law of the Republic of Azerbaijan “On accounting”.

1.2. The reports shall be compiled in accordance with the “Rules for simplified accounting of political parties” and “Rules for the form, content and submission of financial reports of political parties”, approved by the Cabinet of Ministers of the Republic of Azerbaijan.

1.3. The reports shall be sent or submitted as hard copies or in both versions (hard and soft copies) upon the verification by the authorized persons in a manner defined by legislation.

1.4. A copy of the auditor’s opinion attached to the report shall be sent to CEC by the provider immediately after issuing the opinion.

1.5. The specially-made single electronic base shall be used to ensure receiving and publicizing the reports electronically upon their summarization.

1.6. The reports submitted as a hard copy shall be included in electronic base by preparing its electronic version.

1.7. Notwithstanding the way of submission, the received reports shall be

preserved for 5 years in the archive of CEC after preparing their hard and soft copies.

2. Rules for reviewing, summarizing and publicizing the reports

2.1. The review, summarize and publicize of the received documents shall be based on rule of law, fairness, impartiality, neutrality, equal approach, full investigation through equal procedures and principles of non-discrimination, thereby aiming at contributing to establishment of financial activity of political parties in comply with legislation and ensuring transparency.

2.2. Receive, review and publicize of financial reports shall be carried out by the body functioning within CEC (comprised of highly professional and experienced specialists who possess capacity of financial, economical and factual analyze) and in necessary cases with the participation of Control- inspection service under the Commission.

2.3. The foregoing process shall be implemented under the control of CEC and to this end, mutual effective activity shall be ensured between the bodies implied in the item # 2.2 of the Instruction.

2.3.1. The reports shall be publicized upon being posted on the electronic base within one working day after they are received by the Central Election Commission.

2.4. If any incompleteness, inaccurateness, apparent contradictions and other infringements are revealed during the review of reports, political parties and other relevant subjects may be required to submit additional information and documents to ensure the compatibility of the reports with existent financial activity of political parties.

2.5. An opinion shall be provided by the body inspecting every financial report and after undertaking possible activities for meeting with legislation, the information that allows overseeing the actual financial operation of the political party shall also be included in the electronic base. In this case, the information on meeting the deadline defined for submission of reports, the completeness and quality of reports, as well as, the opinion of the political party which has allowed irregularities on those irregularities and their role in the elimination process of shortcomings shall also be indicated (Appendix # 1 to the Instruction). Meanwhile, the information on the general status of the review of financial reports of political parties shall be publicized as a table (Appendix # 2 to the Instruction).

2.6. The reports which have not been submitted or are incompatible with legal requirements, as well as common status of reports and results of the summarize shall be discussed at the CEC session and relevant measures shall be undertaken.

3. Rights and duties of the inspecting body in the process of the review of reports:

3.1. rights:

3.1.1. to require the reports not submitted within the time period defined by legislation;

3.1.2. if the cases of offending the legislation are revealed during the review of the report, to require additional information and documents from the political party and other relevant subjects;

3.1.3. to require a copy of the opinion not submitted to CEC by an auditor, also additional information in the case of questions emerged regarding the submitted opinion;

3.2. duties:

3.2.1. to control the submission of reports in comply with legal requirements and within the period defined by legislation;

3.2.2. to compile an opinion upon receiving and reviewing the submitted reports in a manner defined by legislation;

3.2.3. if the reports are not submitted within the period implied in legislation, to compile and submit the relevant act on that to the CEC administration through the General department of the Secretariat to put into the agenda of the session;

3.2.4. if the results of the investigation of the submitted documents do not meet CEC requirements, to re-conduct the investigation upon the request of the Commission;

3.2.5. if the cases of noncompliance with legal requirements by the political party is revealed basing on the submitted reports, to prepare and submit the information on the relevant irregularities to the CEC administration through the General department of the Secretariat to put into the agenda of the session;

3.2.6. to inform the relevant subjects on receiving or not receiving the reports;

3.2.7. to publicize reports and relevant opinions by including them in the electronic base;

3.2.8. to compile references on the status of submission of reports for periodical discussion at CEC;

3.2.9. to report to CEC.

4. Prevention of violating legal requirements, elimination and responsibility for the occurred infringements and irregularities

4.1. The failure of submitting reports at all, to submit them after the deadline, to submit incomplete reports, also to submit by violating other requirements defined by legislation shall be prohibited.

4.2. The violation of legal requirements may be revealed as a result of the investigation held in different ways and on the basis of the information entered from various sources (according to the auditor's opinion, in the review process of reports, basing on the appeals and complaints sent by any registered political party

and other election actors, the information submitted by the civil society representatives, state structures, media, municipalities, any body and subjects in spite of their property and activity, information available from internet resources, etc.).

4.3. If the political party violates the Laws and other legislative acts of the Republic of Azerbaijan on the financial activity and financial report and these violations can be eliminated, CEC shall address the relevant political party in verbal and written form with the suggestion of eliminating those irregularities within 5 days. In this case, the possibility can be taken into account to regard the reasons of less important infringement as valid which has been committed unintentionally.

4.4. CEC shall report to the Ministry of Justice of the Republic of Azerbaijan on the political parties which have not submitted the reports and auditor's opinions within the period implied in the item # 1.2 of the Instruction.

4.5. The relevant authorized bodies shall be appealed to undertake the appropriate measures on the political parties which have not used the available opportunities to eliminate the allowed shortcomings and irregularities in the reports.

Information about the review of annual financial report for 20 -- by the political party

(the report covers the period from -month 20- to -month 20---)

The name of the political party:

Juridical address:

The period of the report:

The deadline for submission of the report:

The report has been submitted in time:

The period of submission of the report has been infringed:

(____) day

Infringements have been detected:

Sanction has been applied:

Sanction has not been applied:

Possible infringements	Reviewed items	Items on the undetected infringements	Items on the detected infringements	
			Information has not been submitted	Information has been submitted improperly
Assets				
Long-term assets				
Intangible assets				
Land, building and equipment				
Investments in real estate				
Long-term debtor debts				
Other long-term assets				
Total long-term assets				
Short-term assets				
Reserves				
Short-term debtor debts				

Available fund and the equivalents				
Other short-term assets				
Total short-term assets				
Total assets				
Net assets (capital) and commitments				
Net assets (capital)				
Reserve fund				
Retained earnings (unpaid loss)				
Total net assets (capital)				
Long-term commitments				
Long-term commitments generating interest expenses				
Long-term estimated commitments				
Long-term creditor debts				
Other long-term commitments				
Total long-term commitments				
Short-term commitments				
Short-term commitments generating interest expenses				
Short-term estimated commitments				
Commitments for taxes and other obligatory payments				
Short-term creditor debts				
Other short-term commitments				
Total short-term commitments				
Total commitments				
Total net assets (capital) and commitments				

Report on financial status
(According to Form # 2)

Possible infringements	Reviewed items	Items about undetected infringements	Items about detected infringements	
			Information has not been submitted	Information has been submitted improperly
Incomes Including:				
Membership fees				
Income from estate				
Incomes from events, dissemination of press releases and articles, other activities related with income				
Incomes in the form of donations				
Funds received in the form of reimbursement of expenses for election campaign				
Compensation of lower organizations				
The funds allocated from the state budget				
The amount obtained from debt or credit				
Estate obtained by the way of juridical heritage or inheritance				
Other incomes				
Expenditures Including:				
The funds spent on current affairs				
The expenditures for maintenance and information provision of the political party				
The expenditures for public relations and conduct of elections				
Compensation for lower organizations				
Percentages of credit				
Individual expenditures				

Other expenditures				
Total profit (loss)				
Significant accounting policy and the content of explanatory notes				
Possible infringements	Reviewed items	Items about undetected infringements	Items about detected infringements	
			Information has not been submitted	Information has been submitted improperly
The information which provides the disclosure of significant accounting policies regarding the compile of financial reports of political parties				
The information which provides the disclosure of all items in the financial statement				
The information which provides the disclosure of all items (including the information on the number of political party members who pay membership fees and donors) in the report on the results of financial activities				
The name, surname, patronymic, address, serial number of ID card or its substitute document of the donor, the amount of donation should be included in significant accounting policy and explanatory notes.				

Opinion of political parties on the infringements and their elimination

The political parties cooperating efficiently to inform and eliminate the infringements occurred due to carelessness

The political parties disjoining the cooperation to eliminate the irregularities despite the warning of the allowed infringements

Head of Sector for Reports of Political Parties
Department for Work with Political Parties and
Public Organizations
CEC Secretariat

Baku

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Appendix # 2 to the Instruction

**Information about the review and submission of annual financial report for 20 --
by the political parties**

(the report covers the period from -month 20- to -month 20---)

Political parties which are to submit the report	Political parties which have submitted reports	Reviewed reports	
<i>The status of meeting with the time limit to submit the report</i>			
Reports submitted up to April 1, 2015 by meeting with legal requirements		Reports submitted with violation of the time limit defined by legislation	
<i>The status of compliance of the content of submitted reports with legal requirements and the undertaken activities</i>			
Reports without infringements	Reports with detected infringements	The political parties with imposed sanctions for infringements	The political parties without imposed sanctions for less significant infringements
<i>Opinion of political parties on the infringements and their elimination</i>			
The political parties cooperating efficiently to inform and eliminate the infringements occurred due to carelessness		The political parties disjoining the cooperation to eliminate the irregularities despite the warning of the allowed infringements	

The defined status on items during the review of reports

Political parties and accounting structures Report on financial status

(According to Form # 1)

Possible infringements	Reviewed items	Items on the undetected infringements	Items on the detected infringements	
			Information has not been submitted	Information has been submitted improperly
Assets				
Long-term assets				
Intangible assets				
Land, building and equipment				
Investments in real estate				
Long-term debtor debts				
Other long-term assets				
Total long-term assets				
Short-term assets				
Reserves				
Short-term debtor debts				
Available fund and the equivalents				
Other short-term assets				
Total short-term assets				
Total assets				
Net assets (capital) and commitments				
Net assets (capital)				
Reserve fund				
Retained earnings (unpaid loss)				
Total net assets (capital)				
Long-term commitments				

Long-term commitments generating interest expenses				
Long-term estimated commitments				
Long-term creditor debts				
Other long-term commitments				
Total long-term commitments				
Short-term commitments				
Short-term commitments generating interest expenses				
Short-term estimated commitments				
Commitments for taxes and other obligatory payments				
Short-term creditor debts				
Other short-term commitments				
Total short-term commitments				
Total commitments				
Total net assets (capital) and commitments				

The defined status on items during the review of reports

Report on financial status

(According to Form # 2)

	Reviewed items	Items about undetected infringements	Items about detected infringements	
			Information has not been submitted	Information has been submitted improperly
Possible infringements				
Incomes				
Including:				
Membership fees				
Income from estate				
Incomes from events, dissemination of press releases and articles, other activities related with income				
Incomes in the form of donations				
Funds received in the form of reimbursement of expenses for election campaign				
Compensation of lower organizations				
The funds allocated from the state budget				

The amount obtained from debt or credit				
Estate obtained by the way of juridical heritage or inheritance				
Other incomes				
Expenditures				
Including:				
The funds spent on current affairs				
The expenditures for maintenance and information provision of the political party				
The expenditures for public relations and conduct of elections				
Compensation for lower organizations				
Percentages of credit				
Individual expenditures				
Other expenditures				
Total profit (loss)				
Significant accounting policy and the content of explanatory notes				
	Reviewed items	Items about undetected infringements	Items about detected infringements	
	Possible infringements			Information has not been submitted

The information which provides the disclosure of significant accounting policies regarding the compile of financial reports of political parties				
The information which provides the disclosure of all items in the financial statement				
The information which provides the disclosure of all items (including the information on the number of political party members who pay membership fees and donors) in the report on the results of financial activities				
The name, surname, patronymic, address, serial number of ID card or its substitute document of the donor, the amount of donation should be included in significant accounting policy and explanatory notes.				

Head of Sector for Reports of Political Parties Department for Work
with Political Parties and Public Organizations
CEC Secretariat