

## **EC gives green signal to new auditing norms for political parties**

In a step that will bring in transparency and help curb black money in the poll process, the Election Commission has given its nod to new auditing and accounting norms for political parties in the country.

The norms and guidelines, prepared by the Institute of Chartered Accountants of India (ICAI), will soon be notified to the political parties by the EC and financial enforcement agencies like the Income Tax department and the RBI.

"ICAI has submitted the final guidance note on accounting and auditing of political parties to the Election Commission last month. The Commission approved the norms that ICAI has framed which will act as guidance for accounting and auditing of the financial records of political parties," Central Council Member of the ICAI and convenor of the EC study-group set up in this regard, S B Zaware told PTI.

The new norms will bring in a generational change in the auditing and financial management of political parties and will enable them to conduct their finances in a corporate-like manner by getting their accounts audited and publishing their audited finance sheets annually.

The ICAI recommended norms will ensure that "all political parties registered with the Election Commission of India may be mandated to apply accrual basis of accounting (reporting transactions on a real-time basis)."

Every political party will also have to consider March 31 as the end of financial year and consolidated financial statements be prepared incorporating the accounts of taluka, district and state-level party branch accounts.

The parties will also have to publish their financial statements within six months which will be prepared by a Chartered Accountant/CA firm affiliated to the ICAI, Zaware said.

"It has been felt that the present system of accounting and financial reporting followed by political parties in India does not adequately meet the accountability concerns of the contributors, donors, other stakeholders such as members/beneficiaries, volunteers and general public etc.

"A need is, therefore, being felt for improved accountability of the financial resources used by the Political Parties. A sound accounting and auditing framework acts as an important ingredient for promoting accountability of an organisation," the ICAI guidance note said.

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The ICAI recommendations also state that political parties must be mandated to "publish their audited accounts annually, which shall be available for the information and review by the concerned stakeholders and the general public at large within six months of the end of the financial year, on the parties' website.

"Annual financial statements be also published in English in leading national newspaper and in local language in the leading newspaper of the state," the new norms say.

The ICAI has also recommended that "revenue from issuance of coupons of different denominations" by the parties shall be disclosed separately and grants, donations, contributions received by the party should have categorisation as individual donors, companies or organisations, institutions and welfare bodies. PTI NES publish their audited accounts annually, which shall be available for the information and review by the concerned stakeholders and the general public at large within six months of the end of the financial year, on the parties' website.

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