

Recommendations of the ICAI on "Reporting Framework of Political Parties"

SUMMARY

1. All Political Parties should follow a common format for presentation of its General Purpose Financial Statements to include:-

- (1) Balance Sheet
- (2) Income and Expenditure Account
- (3) Cash Flow Statement
- (4) Notes forming part of Accounts

2. All Political Parties registered with the Election Commission of India should be mandated to apply accrual basis of accounting.

3. Every political party to follow 31st March as uniform financial year and consolidated financial statements be prepared incorporating the accounts of taluka/district/state level party branch accounts.

4. Accounting Standards issued by the ICAI should be made applicable to the Political Parties to the extent relevant and applicable.

5. As per the Section 29 C of the Representation of People Act, 1951, Political Parties are required to submit a report in form number 24A, of contribution received in excess of ` 20,000/- from any person or a company. Keeping in view sustained price rise and materiality, it is recommended that the aforesaid amount limit should be increased to ` 5,00,000/- p.a. in case of receipt of donation from a Company and ` 1,00,000/- p.a. in case of any other person.

6. It is recommended that the Political Parties must be mandated to publish their audited accounts annually, which shall be available for the information and review by the concerned stake holders and the general public at large within 6 months of the end of the financial year on the party's website. Annual financial statements be also published in English in National leading newspaper and in local language in leading newspaper of the State.

7. All registered Political Parties must be mandated to file the audited financial statements with the body regulating the Political Parties in India i.e. Election Commission of India.

8. It is recommended that Political Parties must be mandated to get their accounts audited by a firm of Chartered Accountants, as appointed by the Comptroller & Auditor General of India (C&AG) by the rotation of the auditor. Auditors are required to follow the Auditing and Assurance Standards issued by the ICAI.

9. On the acceptance of above recommendations, the related laws/Acts/Legislation/s should be amended appropriately in order to incorporate the above suggestions