

PRACTICUM
FOR FINANCING ELECTION CAMPAIGNS AND POLITICAL
PARTIES

PRACTICUM
FOR FINANCING ELECTION CAMPAIGNS AND POLITICAL
PARTIES

Publisher

Central Election Commission of Bosnia and Herzegovina

For the publisher

Dr. Irena Hadžiabdić, President

Authors

Dr. Irena Hadžiabdić

Branko Petrić

Mr. Sc Hasida Gušić

Sanja Tošović

Front page design

DTP

CIP | ISBN

Content

1. Financing of political parties.....	8
2. Implementation of legal norms - recommendations and examples from practice	14
2.1. Sources of financing of political parties	14
2.1.1. Membership fees.....	15
2.1.2. Contributions of natural and legal persons - Article 5 and Article 6 of the Law on Financing	15
2.1.3. Prohibited contributions - Article 8 of the Law on Financing	19
2.1.4. Publishing, sale of propaganda materials and organization of political party events - Article 3, paragraph (1), item c) of the Law on Financing	24
2.1.5. Restrictions on property income/revenue and profits from companies owned by political parties - Article 3, paragraph (1), item d) of the Law on Financing.....	25
2.1.6. Use of funds for achieving the goals set by the program - Article 4 paragraph (1) of the Law on Financing	27
2.2. Budget allocations for financing political parties	29
2.2.1. Financing of political parties from the budget of Bosnia and Herzegovina	29
2.2.2. Financing of political parties from the budget of the Federation of Bosnia and Herzegovina	30
2.2.3. Financing of political parties from the budget of Republika Srpska.....	31
2.2.4. Financing of political parties from the budget of the Brčko district of BiH	31
2.3. Financing an election campaign	33
2.3.1. Financial reporting on the election campaign	34
2.3.2. Cost of election campaign	35
2.3.3. Dedicated account for election campaign financing.....	35
3. Legislation	36
3.1. Rulebook on pre-election and post-election financial reports of political parties	36
3.2. Rulebook on annual financial reports/statements of political parties	37

3.3. Rulebook on pre-election and post-election financial reports/statements of independent candidates	37
3.4. Rulebook on administrative procedures for reviewing, controlling and auditing financial statements of political parties.....	38
4. Business books of political parties and other records of income and expenditures	40
4.1. Bookkeeping / Accounting.....	40
4.2. Financial documentation	42
4.3. Authorized person for financial reporting.....	42
5. Financial reporting	44
5.1. Form and content of financial reports / statements	44
5.2. Electronic submission of financial statements through the FI CIK BIH application...	45
5.3. Submitting financial statements of independent candidates.....	61
ANNEXES.....	62
Law on Financing Political Parties	63
Law on Financing of Political Parties from the Budget of the Republic, city and Municipality	68
Law on Financing of Political Parties from the Budget of the Brcko District of Bosnia and Herzegovina	70
Election Law of Bosnia and Herzegovina	72
Chapter 15 Campaign finance	72
Rulebook on annual financial statements of political parties.....	74
Rulebook on pre-election and post-election financial statements of political subjects	80
Rulebook on pre-election and post-election financial statements of independent candidates	83
Author Biographies	87

LIST OF TABLES:

Table 1 Overview of issued audit reports per year	10
Table 2 Overview of the penalties imposed per year	11
Table 3 Overview of submitted applications / filed charges.....	12
Table 4 Sources of financing of political parties in 2017.....	14

LIST OF CHARTS:

Chart 1 Structure of Political Party Financing Sources in 2017	15
--	----

LIST OF FIGURES:

Figure 1 Link to party financing www.izbori.ba	9
Figure 2 Link to financial reports www.izbori.ba	9
Figure 3 Urgency for instructions on payment of funds for the benefit of the Budget of BiH.....	20
Figure 4 Response to the request of the Central Election Commission of BiH	21
Figure 5 Access to the FI CIK BIH application.....	45
Figure 6 Selection of Financial Reporting Type	46
Figure 7 Menu for data entry into financial statements	46
Figure 8 Form 1.1. Organizational structure of a political party.....	47
Figure 9 Form for entering data in Form 1.1	47
Figure 10 Entering bank account information	48
Figure 11 Form of entering bank account information	48
Figure 12 Entering Data in Form 2.....	48
Figure 13 Form 3 Sources of funding.....	49
Figure 14 Form for entering data on membership fees and other income	49
Figure 15 Entering data on income for the chosen organizational unit of a political party.....	50
Figure 16 Entry of donor information - natural persons.....	50
Figure 17 Entry of donor information - legal entities	51
Figure 18 Entry of Data in Form 3.....	51
Figure 19 Form for the entry of data on contributions of natural persons.....	51
Figure 20 Entry of Data in Form 3-c.....	52
Figure 21 Entry of Data in Form 3-e.....	53
Figure 22 Form for entering revenue data from the budget	54
Figure 23 Form for entering data in Form 3-g	54
Figure 24 Form 4 Expenditure of a political party	55
Figure 25 Creating the Form 4	55
Figure 26 Entry of Data in Form 4.....	56
Figure 27 Form 4-1 Overhead and administrative and other expenses	56
Figure 28 Form for entering data on costs.....	56

Figure 29 Entry of Costs - Selecting Cost Types 57
Figure 30 Form for entering data on election campaign costs 57
Figure 31 Creating the Form 5 58
Figure 32 Form 5 Political Party Commitments..... 58
Figure 33 Form for entering commitments / obligations..... 58
Figure 34 Example of entering commitments in Form 5.1..... 59
Figure 35 Form of entering commitments in Form 5.2 59
Figure 36 Certificate of submitted report..... 60

Dear Readers,

We are pleased to present the Practicum for the financing of election campaigns and political parties, which is issued by the Central Election Commission of Bosnia and Herzegovina with the assistance of the Council of Europe.

The aim of this practicum is to enable representatives of political parties and independent candidates to acquire and expand knowledge on the prescribed sources of financing of political parties and financing of election campaigns, deadlines, content and manner of submitting financial reports.

The Practicum contains clear and precise instructions on the financing of political parties and the financing of election campaign, the provisions of the Law on Financing of Political Parties, Law on Election of Bosnia and Herzegovina and its legislation, experience of the Central Election Commission of Bosnia and Herzegovina in the implementation of the Law on Financing of Political Parties, and examples from practice.

We hope that in this Practicum you will find useful information that will help you better understand the field of financing political parties.

Sarajevo, August 2018

Authors

1. Financing of political parties

The financing of political parties and election campaigns in Bosnia and Herzegovina is regulated by the Law on Financing of Political Parties (hereinafter referred to as the Law on Financing)¹, by Chapter 15 of the Law on Election of BiH (hereinafter referred to as the BiH Election Law)² which refers to the financing of the election campaign, by the Law on Financing of Political Parties from the Budget of Republic, City and Municipality³, by the Law on the Execution of the Budget of the Federation of Bosnia and Herzegovina⁴, and by the Law on Financing of Political Parties from the Budget of the Brčko District of BiH⁵.

In accordance with its competencies, the Central Election Commission of Bosnia and Herzegovina (hereinafter referred to as the BiH Central Election Commission) adopted subordinate legislation regulating reporting on the financing of political parties and election campaigns, as well as the procedures for oversight, control and audit of financial reports of political parties by the Audit Department of Political Parties Financing.

Within its competencies, the Central Election Commission of BiH examines the cases that were not treated in accordance with the provisions of these laws, and may issue an order to a certain person to provide written answers to questions in order to provide documented and other evidence and to obtain testimony from witnesses in connection with the investigation initiated by the Central Election Commission of BiH, either on its own or after the complaint filed.

In 2005, the Central Election Commission of BiH established the Department for Auditing of Political Parties Financing (hereinafter referred to as the Audit Service). The Audit Department performs the oversight, control and audit of the financial reports of the political parties that are kept in the register of the Central Election Commission of BiH and issues reports on the oversight and audit of financial statements of political parties with the auditor's opinion, findings and recommendations.

The Central Election Commission of BiH shall decide whether a political party or other entity has violated the provisions of this Law and may impose sanctions on any political party for non-observance of such provisions or take appropriate administrative measures within its general competence in accordance with the law.

Publishing information on revenue and costs of political parties contributes to the overall transparency of the electoral process. The Central Election Commission of BiH shall make

¹ "Official Gazette of BiH", no. 95/12 and 41/16.

The Law on Financing Political Parties ("Official Gazette of BiH", No. 95/12) entered into force on 5 December 2012. With the entry into force of this Law, the Law on Financing of Political Parties ("Official Gazette of BiH", No. 22/00, 102/09 and 54/10) was put out of force. The Law on Amendments to the Law on Financing of Political Parties ("Official Gazette of BiH", No. 41/16) entered into force on 11 June 2016.

² "Official Gazette of BiH" no. 23/01, 7/02, 9/02, 20/02, 25/02, 4/04, 20/04, 25/05, 52/05, 65/05, 77/05, 11/06, 24/06, 32/07, 33/08, 37/08, 32/10, 18/13, 7/14 i 31/16.

³ "Official Gazette of RS", No.65 / 08.

⁴ The Law on Execution of the Budget of the Federation of Bosnia and Herzegovina is adopted for each calendar year.

⁵ "Official Gazette of the Brcko District of BiH" no. 29/04, 14/07 and 19/07.

all reports available to the public through its website so to ensure that all citizens have access to the information contained in the reports.

The public is provided with the insight into the financial reports of political parties, including both annual and post-election financial reports, as well as reports on the audit conducted and audit of political parties with the auditor's opinion, findings and recommendations. The information and reports on sources of financing of political parties are regularly published, including the data on the amount of campaign costs and its financing, as well as the data on funds that are paid to political parties from the budget of all levels of government.



Figure 1 Link to party financing www.izbori.ba

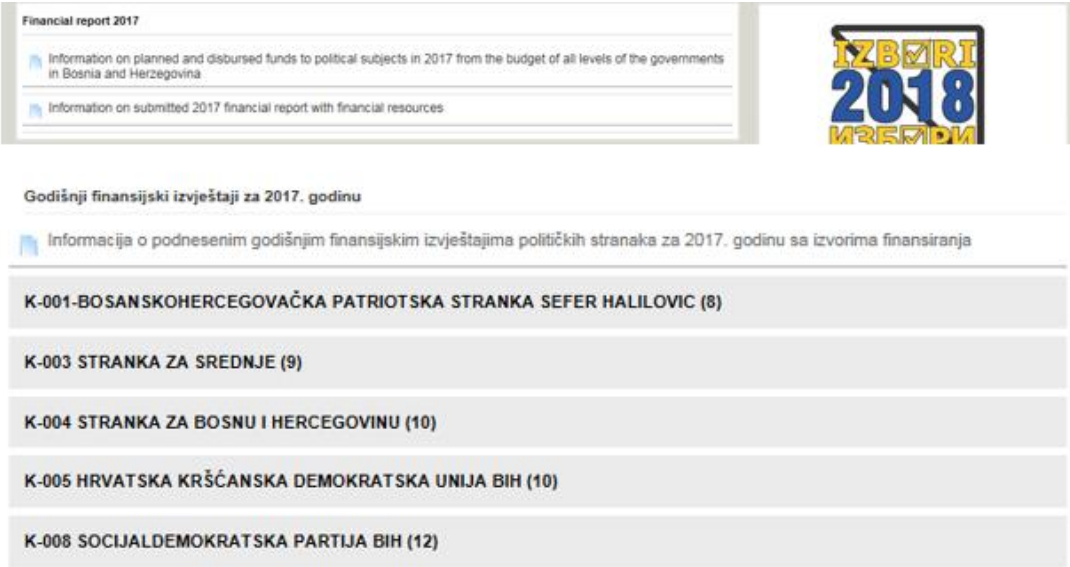


Figure 2 Link to financial reports www.izbori.ba

In addition to the Central Election Commission of BiH, political parties also have the obligation to publicly display the origin and manner of spending the funds collected during the previous calendar year (accounting year). Namely, political parties have the obligation to publish online their Final Accounts and financial reports stating the sources of income, data on natural and legal persons who provided voluntary contributions, and data on the purpose or activities for which the funds were spent.

Having conducted the procedure of oversight, control and audit of financial reports of political parties, the Audit Service informs the Central Election Commission of BiH about all irregularities and violations of the provisions of the Law on Financing and the provisions of the Law on Election of BiH regulating the financing of the election campaign.

In all cases where the Central Election Commission of BiH, on the basis of audit findings, confirms the established suspicion of violation of the provisions of the Law on Financing, it initiates proceedings against political parties in order to determine the responsibility, in which new evidence is being derived, and witnesses and authorized persons are being heard / examined. Having conducted the procedure, the Central Election Commission of BiH decides whether a political party has violated the law, and within its competences imposes fines or administrative measures in accordance with the Law on Financing and the Law on Election of BiH.

Prior to pronouncing a sentence or undertaking an administrative measure, the Central Election Commission of BiH tries to reach the situation in which the political party found to have violated the provisions of this law voluntarily removes the observed defects, if the same are removable.

If a political party does not voluntarily eliminate the deficiencies or the deficiencies are irreversible, the Central Election Commission of BiH will sanction the political party with a prescribed fine, the height of which is appropriate to the gravity of the offense, and having in mind previous sanctions and property status of the party.

In the period from 2005 to 2018, there was carried out control and audit of financial statements of political parties including the issuance of more than 1,000 oversight and audit reports.

Financial report for the year	Number of reports issued
2004	9
2005	59
2006	69
2007	70
2008	86
2009	86
2010.	96
2011	95
2012	102
2013	101
2014	118
2015	118
2016	127 uderway

Table 1 Overview of issued audit reports per year

In the period from 2005 to June 2018, there was a total of 349 fines imposed, 83 administrative measures that prohibited from participating in the next elections, and 2 administrative measures obliging the political party to pay a part of the proceeds of property, which exceeds 20% of the total income of the party) to charity purposes, i.e. to one or more organizations registered in Bosnia and Herzegovina for charity work.

Table 2 provides data on imposed fines for political parties.

Year of sentencing	Number of decisions made	Year of Violation of the Law	Amount of penalties imposed (in KM)	Total amount of penalties imposed (in KM)	Administrative measure
2005	40 decisions	2004	56,000.00	56,000.00	
2007	9 decisions	2004	48,700.00	48,700.00	8
2008	3 decisions	2005	13,000.00	13,000.00	4
2009	63 decisions	2005	179,670.00	179,670.00	1
		2006			
		2007			
2010	37 decisions	2008	83,500.00	83,500.00	8
2011	1 decision	2008	10,000.00	89,200.00	11
	33 decisions	2009	79,200.00		
2012	19 decisions	2010	59,000.00	59,000.00	8
2013	12 decisions		47,000.00	150,600.00	3
	1 decision	2010	25,000.00		
	30 decisions	2011	78,600.00		
2014	27 decisions	2012	100,200.00	100,200.00	12
2015	21 decisions	2013	65,200.00	65,200.00	6
2016	19 decisions	2014	104,800.00	104,800.00	13
2017	4 decisions		62,500.00	62,500.00	5
2017	21 decisions	2015	35,450.00	35,450.00	
2018	1 decisions	2015	3,000.00	15,000.00	6
	8 decisions	2017	12,000.00		
Total for 2005 - 2018	349 decisions		1,062,820.00	1,062,820.00	85 measures

Table 2 Overview of the penalties imposed by years

In addition to the imposed sanctions, the Central Election Commission of BiH in 67 cases informed the competent prosecutor's offices and other authorities in charge of enforcing the law on suspicion of perpetrated crimes that could be linked to the financing of political parties and the financing of the election campaign, as shown in the following table.

Year / number of reports	Applications to Tax Administration Authorities	Applications to the State Investigation and Protection Agency	Applications to the Prosecutor's Office	Applications to Audit Offices
2009	1	1		
2013			1	
2014	13	2	12	
2015	19	1	1	
2016		5	1	
2017				8
2018		1	1	
Total	33	10	16	8

Table 3 Overview of submitted applications

The Central Election Commission of BiH shall annually submit a report on the audited state of the financial operations of political parties to the Parliamentary Assembly of Bosnia and Herzegovina. The report is disclosed as a parliamentary printed material.

In the introductory part of the report to the legislator (Parliamentary Assembly of Bosnia and Herzegovina), the point is on the legal framework regulating the financing of political parties and electoral campaigns. It then cites the activities carried out by the Central Election Commission of BiH, audit findings and recommendations for the improvement of the legal framework, which will increase the transparency of the sources of financing of political parties, and recommendations for harmonizing the state and entity legislation in this area. The following are the recommendations from the Report submitted to the Parliamentary Assembly of Bosnia and Herzegovina (hereinafter referred to as the Parliamentary Assembly of BiH) in October 2017:

- As in the previous period, the Central Election Commission of BiH recommends that in the coming period the attention is to be paid to further improving the transparency of political party financing.
- Based on the above and previous experience gained in the application of the Law on Financing, we propose that the Parliamentary Assembly of BiH review the legislation regulating the establishment, political activities and financing of political parties and electoral campaigns, and harmonize the entity regulations and regulations of the Brčko District of BiH with the regulations at the state level.
- Political parties have organizational units in both Entities and the Brčko District of BiH, but they are registered under Entity laws on political organizations, which prescribe different conditions both for their establishment and their activities. In the Federation of BiH, political parties are established in accordance with the Law on Political Organizations (Official Gazette of RS, No. 27/91 - taken in FBiH), in Republika Srpska in accordance with the Law on Political Organizations (Official Gazette of RS, No. 15/96 and 17/02) and Brcko District of BiH

in accordance with the Law on Political Organizations (Official Gazette of Brčko District of BiH, No. 12/02, 19/07 and 2/08).

- The Law on Financing ("Official Gazette of BiH", No. 95/12 and 41/16) stipulates that the financing of political parties from entity budgets, cantonal budgets and budgets of the Brčko District of BiH, as well as the budget of other units of local government and self-government shall be carried out in accordance with Entity laws and the law of the Brčko District of BiH, although the Law on the Financing of Political Parties from the Budget of Republic, City and Municipality ("Official Gazette of RS", No. 65/08) and the Law on Financing from the Budget of the Brčko District of Bosnia and Herzegovina ("Official Gazette of the Brčko District of BiH", no. and 14/07) prescribe a different way of allocating and dividing budget funds for financing political parties, and the Federation of BiH does not have a law on financing political parties from the budget, and allocates the funds for their financing in accordance with the Law on Execution of the Budget of the Federation of Bosnia and Herzegovina, which adopts every year.
- The current Law on Financing does not provide an adequate framework for the full implementation of the GRECO recommendations, so the Central Election Commission of BiH proposes to the Parliamentary Assembly of BiH to intensify its activities on its amendments.
- Persons authorized to represent a political party to whom an administrative measure of deprivation of the right to run in the next elections has been pronounced due to the violation of provisions of the Law on Financing shall be imposed a ban on the establishment of a new political party or activities in any other party while being under the administrative measure imposed by the Central Election Commission of BiH.
- The person authorized and appointed by the political party to conduct business books, submit financial reports and contact the Central Election Commission of Bosnia and Herzegovina, is obliged to continue to be educated in accordance with the plan and program of training / education adopted by the Central Election Commission of BiH

The analysis of the Law on Financing was carried out by the Expert Team of the Group of Countries of the Council of Europe for Combating Corruption - GRECO, within the third round of evaluation for Bosnia and Herzegovina - in the area of Transparency of Financing Political Parties, and there was published the Evaluation Report for Bosnia and Herzegovina, which was adopted by GRECO at the 51st Plenary Session (Strasbourg, 23-27 May 2011). Following this report, in which nine recommendations were made to Bosnia and Herzegovina to improve the transparency of political party financing and four more reports were issued: Report on harmonization for Bosnia and Herzegovina "Transparency of financing of political parties"⁶ Provisional Report on Conformity for Bosnia and Herzegovina "Transparency of Financing of Political Parties"⁷, Second Interim Report on Conformity for Bosnia and Herzegovina "Transparency of Financing of Political Parties"⁸ and the Third Interim Report on the Harmonization of Bosnia and Herzegovina with the recommendations of GRECO⁹. The GRECO statements presented in the above reports undoubtedly pointed to the fact that the implementation of the recommendations depends on changes in the legislation. In the Third Interim Report on the Harmonization of Bosnia and Herzegovina with the recommendations of GRECO, within the third round of evaluation for Bosnia and Herzegovina - Transparency of Political Party Financing, it was stated that out of a total of nine recommendations, only one was carried out satisfactorily and one partially.

In the Fourth Interim Report on the Harmonization of Bosnia and Herzegovina with the recommendations of GRECO, within the third round of evaluation - Transparency of

⁶ adopted by GRECO at the 61st plenary session, Strasbourg, 14-18 October 2013.

⁷ adopted by GRECO at the 64th plenary session, Strasbourg, 16-20 June 2014.

⁸ adopted by GRECO at the 68th Plenary Session (Strasbourg, 15-19 June 2015).

⁹ adopted by GRECO at the 72nd Plenary Session, Strasbourg, 27 June to 1 July 2016.

Political Party Financing ¹⁰, it was stated that out of GRECO's total of nine recommendations, five were implemented partially and one satisfactorily.

2. Implementation of legal norms - recommendations and examples from practice

In this section we will introduce you to regulations in the field of financing political parties, examples from practice, but also with comments on certain legal solutions.

2.1. Sources of financing of political parties

In accordance with the Law on Financing, a political party may be financed from: membership fees; voluntary contributions of legal and natural persons; publishing activities; sale of propaganda material and organization of political party events; income from property owned by a political party; budget of Bosnia and Herzegovina in accordance with this Law; entity budget; cantonal budgets and the budget of the Brčko District of BiH; budgets of other units of local government and self-government in accordance with the law (entity regulations) and profits/revenues from enterprises owned by a political party.

In order to see the share of individual sources of political party financing in total revenues, there follows an example of financing in 2017.

(1) Revenues	Amount	Structure
- Membership fees	1,725,607.19 KM	7.7%
- Contributions of natural persons	1,377,976.99 KM	6.1%
- Contributions of legal entities	80,785.35 KM	0.4%
- Income / revenue from the property of political parties	628,319.67 KM	2.8 %
- Profit from legal entities owned by the party	0.00 KM	0.0 %
- Income / revenue from gifts and services which the party was not obliged to settle	219,475.95 KM	1.0 %
- Income / revenue from the budget	18,207,566.66 KM	81.0 %
- Income / revenue from publishing, sale of propaganda materials and organization of political party events	843.00 KM	0.0 %
- Other income/revenue	245,561.23 KM	1.1 %
Total income	22,486,136.04 KM	100.0 %
(2) Debt of political parties as at 31 December 2017	6,264,158.87 KM	

Table 4 Sources of financing of political parties in 2017

¹⁰ adopted at the 76th Plenary Session in Strasbourg, 19-23 June 2017.

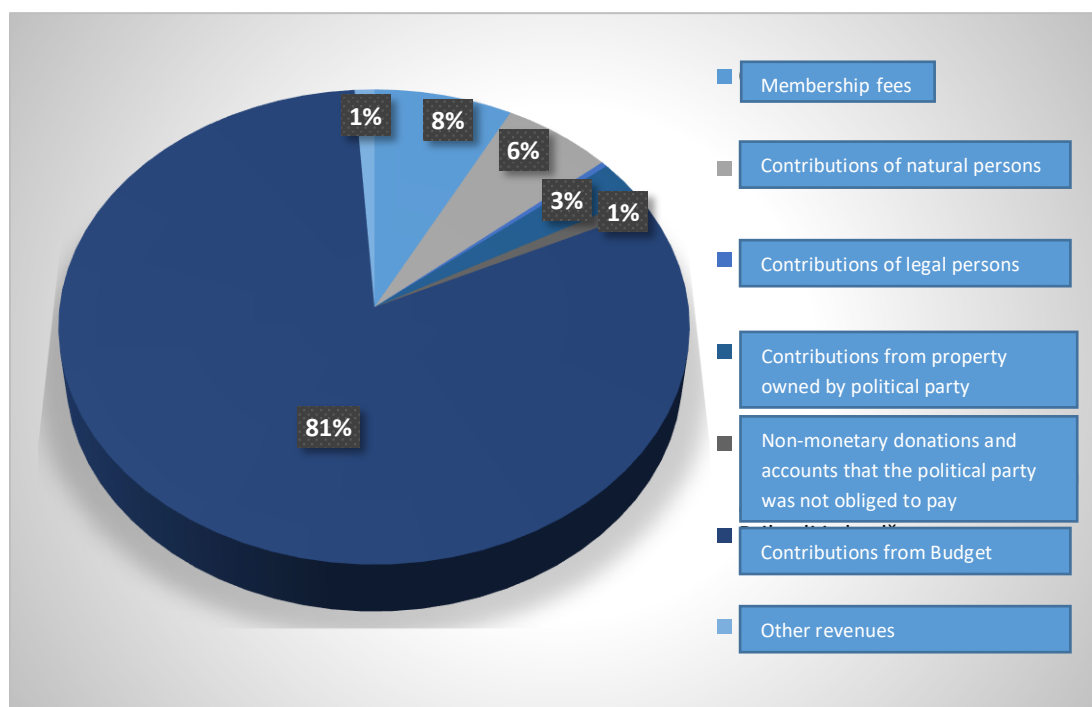


Chart 1 Structure of sources of political party financing in 2017

From Chart 1 it is evident that besides budget revenues, membership fees and contributions of natural persons are the most important sources of financing political parties. In the process of auditing financial statements, it was established that a small number of political parties secured their funds for work from the membership fees of their members, although, bearing in mind that it is a traditional source of funding, they should incorporate, as a dominant feature, the fact that their revenues are generated from membership fees.

2.1.1. Membership fees

The membership fee, in the sense of the Law on Financing, implies a regular cash amount that is paid by a political party member, in the manner and under the conditions determined by the statute or other act of a political party (decision on the amount and manner of payment of membership fee).

The Political Party is obliged to keep records on the membership fee and to pay the funds from membership fees received in cash on the account of the political party not later than within 10 days from the date of receipt of payment.

Any amount that a party member pays in higher amount compared to the amount of the prescribed membership fee shall be deemed contribution of a natural person and shall be as such recorded in the financial statement.

2.1.2. Contributions of natural and legal persons - Article 5 and Article 6 of the Law on Financing

The political parties receive financial support from natural and legal persons. These persons financially assist the work of political parties in two ways: voluntary contributions

in money or by providing services or by giving products to a political party without charge (non-cash donations).

The Law on Financing prescribes the limit on the amount of contributions of natural and legal persons.

The political party may receive contributions from a natural person in the total amount of KM 10,000.00 during the calendar year, while the total amount paid by a member of political party in the name of such party during one calendar year may not exceed KM 15,000, which includes a membership fee. Natural persons, regardless of whether they are from the country or abroad, provide their contributions under the same conditions and within the limits prescribed by this Law.

The limit on the amount of contributions of legal entities is KM 50,000.00.

Political parties are also obliged to keep records of the receipt of voluntary contributions and to issue certificates of such receipts.

By reviewing and auditing financial statements, it has been established that political parties do not keep records on the receipt of non-monetary donations, most often in the form of free use of business premises, nor do they issue certificates of contribution receipt (both monetary and non-monetary). Very often, at the request of Central Election Commission of BiH, political parties, instead of copies of the issued certificates on contribution receipt, submit a copy of the statement from the Transaction Account, cash payment order or receipt/note/voucher. Although these documents may provide donor information, such as name and surname / name, more detailed data from which donor identity can be found may not be provided. It is therefore necessary for the parties to establish proper records of receipt of contributions and to issue certificates to each and every physical and legal person.

Article 6 of the Rulebook on the Annual Financial Reports of Political Parties states that the certificate should contain the following information: name of the political party; serial number of the certificate; total amount of membership fee / contribution; name and surname / name of the donor; personal document number / donor identification number; address and place of residence / seat of the donor; date of payment; date of issue of the certificate and signature of the authorized person. The certificate is issued in two copies, one of which is provided to the donor and the other is kept by the political party.

Examples from practice - violation of the provisions of the Law on Financing, Article 5, paragraph (4) - failing to keep records of contributions and Article 6, paragraph (3), - limit on the amount of contribution.

Example 1


Article 5 paragraph (3) and paragraph (4) of the Law on Financing stipulates the following: *"For voluntary contributions provided to a political party in the form of a product or service, natural and legal persons are required to issue an invoice indicating the market value of the given product or service, and indicating the fact that is titled to the political party and not subject to collection.*

Political parties are required to keep records of membership fees and voluntary contributions, and issue certificates on receipt of membership fees and voluntary contributions. "

For non-compliance with the provisions of Article 5, paragraph (4) of the Law on Financing, there is imposed the fine in the amount of KM 500.00 to 10.000,00 ¹¹.

In the process of reviewing the annual financial report for 2015, it was found that the political party did not record in its business books the non-monetary donations based on the free use of business premises owned by the municipalities of Bosanska Krupa, Gradačac, Hadžići, Fojnica, Jablanica, Foča-Ustikolina, Ilijaš, Novo Sarajevo and Stari Grad, thus violating the provisions of Article 5, paragraph 4 of the Law on Financing.

Having conducted the procedure, the Central Election Commission of BiH issued a decision imposing a fine to this political party in the amount of KM 3,000.00.

<p>BOSNA I HERCEGOVINA CENTRALNA IZBORNA KOMISIJA SREDIŠNJE IZBORNO POVJERENSTVO</p>		<p>БОСНА И ХЕРЦЕГОВИНА ЦЕНТРАЛНА ИЗБОРНА КОМИСИЈА</p>
<p>Pursuant to Article 14 paragraph (2) of the Law on Financing ("Official Gazette of BiH", No. 95/12 and 41/16), Article 193 paragraph (1) of the Law on Administrative Procedure ("Official Gazette of BiH", No. 29/02, 12/04, 88/07, 93/09, 41/13 and 53/16) and Articles 18 and 22 of the Rules of Procedure of the Central Election Commission of BiH ("Official Gazette of BiH", no. 50/07, 33 / 09, 24/13 and 32/14) in the process of establishing a violation of the provisions of the Law on Financing by a Political Party -----, based in -----, represented by the President of the Party, the Central Election Commission of BiH at its 60th session, held on 6 December 2017, adopted the following</p>		
<p>DECISION</p>		
<p>(1) The political party ----- is responsible for not registering non-monetary donations on the basis of free use of business premises in nine municipalities in 2015, thereby violating the provisions of Article 5, paragraph 4 of the Law on Financing, and pursuant to Article 15, paragraph (2), and pursuant to Article 19 of the Law on Financing, it shall be fined no less than KM 3,000.00 (in the words: three thousand convertible marks).</p>		
<p>(1) The fine referred to in paragraph (1) of this Decision shall be paid within eight days from the date of the validity of this decision on the account of the Ministry of Finance and Treasury of BiH.</p>		
<p>Rationale</p>		
<p>... Furthermore, in the procedure of evidentiary hearing, the Central Election Commission of BiH conducted the evidence by inspecting the Final Report on the Review of the Annual Financial Report for 2015 and established the following: - that the political party did not register/record non-monetary donations on the basis of free use of business premises owned by the municipalities of Bosanska Krupa, Gradačac, Hadžići, Fojnica, Jablanica, Foča-Ustikolina, Ilijaš, Novo Sarajevo and Stari Grad. ...</p>		

¹¹ By virtue of Amendments to the Law on Financing ("Official Gazette of BiH" 41/16), the upper limit of fine was raised from KM 5,000.00 to KM 10,000.00.

The political party filed an appeal on the decision of the Central Election Commission of BiH, which was rejected as unfounded by the decision of the Court of Bosnia and Herzegovina.

Example 2


The provision of Article 6 of the Law on Financing (Limitation of the Amount of Contribution) stipulates the following:

"The total amount of voluntary contributions of a natural person to a political party must not exceed the amount of KM 10,000.00 in the calendar year. The total amount paid by a political party member in the name of such party during one calendar year may not exceed the amount of KM 15,000.00, which also includes membership fee"

For exceeding the limit of the amount of contribution, the provisions of Article 20 of the Law on Financing stipulate a fine in the amount of the triple amount of funds, which exceeded the prescribed limit.

The report on the audit of the annual financial report for 2014 and the post-election financial report-Local elections 2014 established that a political party received a contribution from a natural person in a higher amount than the limit of the amount of contribution for KM 14,000.00, thus violating the provisions of Article 6. paragraph (3) of the Law on Financing.

Following the conducted procedure, the Central Election Commission of BiH issued a decision imposing a fine in the amount of KM 14,500.00 for this political party for violation of Article 6, paragraph (3) of the Law on Financing.

<p>BOSNA I HERCEGOVINA CENTRALNA IZBORNA KOMISIJA SREDIŠNJE IZBORNO POVJERENSTVO</p> 	<p>БОСНА И ХЕРЦЕГОВИНА ЦЕНТРАЛНА ИЗБОРНА КОМИСИЈА</p>
<p>Pursuant to Article 14 paragraph (2) of the Law on Financing ("Official Gazette of BiH", No. 95/12 and 41/16), Article 193 paragraph (1) of the Law on Administrative Procedure ("Official Gazette of BiH", No. 29/02, 12/04, 88/07, 93/09, 41/13 and 53/16) and Articles 18 and 22 of the Rules of Procedure of the Central Election Commission of BiH ("Official Gazette of BiH", no. 50/07, 33 / 09, 24/13 and 32/14) in the process of establishing a violation of the provisions of the Law on Financing by a Political Party -----, based in -----, represented by the President of the Party, the Central Election Commission of BiH at its 42nd session, held on 17 August 2017, adopted the following</p>	
<p>DECISION</p>	
<p>(1) The political party ----- is liable, as in 2014 it:</p>	
<p>a) did not make a spending program for 2014, thus violating the provisions of Article 4 (1) of the Law on Financing, and</p>	
<p>b) it received a contribution of a natural / physical person in a higher amount than the statutory limit on the amount of contribution, thereby violating the provisions of Article 6 paragraph (3) of the Law on Financing,</p>	
<p>and according to Article 15 paragraph (2) and applying Articles 19 and 20 of the Law on Financing, there is pronounced:</p>	
<p>(1) for the violation referred to in paragraph (1) item a) a fine in the amount of KM 500.00 (in words: five hundred convertible marks), and</p>	
<p>(2) for the violation referred to in paragraph (1) point b) a fine in the amount of KM 14,500.00 (in words: fourteen thousand and five hundred convertible marks), or</p>	

a unique fine in the amount of KM 15,000.00 (in words: fifteen thousand convertible marks).

(2) The fine referred to in paragraph (1) of this Decision shall be paid within eight days from the date of the validity of this decision on the account of the Ministry of Finance and Treasury of BiH.

Rationale

...

Furthermore, in the procedure of evidentiary hearing, the Central Election Commission of BiH conducted the evidence by inspecting the Final Report on the Review of the Annual Financial Report for 2014 and the Post-election Financial Report-General Elections 2014 and established the following:

- that the party did not make a spending program for 2014, i.e. that the funds secured for the financing of the political party were not spend in accordance with the spending program, thus violating the provisions of Article 4 paragraph (1) of the Law on Financing, and

- that it received the contribution of a natural person in a higher amount than the limit on the amount of the contributions for KM 14,000.00, thus violating the provisions of Article 6, paragraph (3) of the Law on Financing. Having examined the excerpt from the transaction account No. 1 of 2 June 2014, it was established that the natural person paid funds to the party in the amount of KM 24,000.00. The party indicated these funds on Form 3-f (budget revenues) where instead of the name of the governmental level it stated the name of this natural person. Also, having examined the documentation submitted by the Ministry of Finance of Canton 10, it was determined that the funds in the amount of 24.000,00 KM, planned for the political party --- for 2013, were paid to the Club of Independent Representatives on 3 February 2014, on the account of a natural person. Bearing in mind that the funds for the work of the club were paid on 3 February 2014, i.e. before the political party ---- was registered in the court register, and that the funds were paid in cash to the transaction account, represents the fact that the party violated the provisions of Article 6 paragraph (3) of the Law on Financing.

...

The political party filed an appeal against the decision of the Central Election Commission of BiH, which was rejected by the decision of the Court of Bosnia and Herzegovina.

2.1.3. Prohibited contributions - Article 8 of the Law on Financing

Pursuant to the provisions of the Law on Financing, the political parties are banned from contributions of administrative bodies: state of BiH; Entities; cantons; Brčko District of BiH; city and municipal authorities; public institutions; public companies; private companies that have concluded public procurement contracts with bodies of executive power, humanitarian organizations, unnamed or anonymous donors, religious communities, trade unions, associations and other non-profit organizations financed by public funds irrespective of the amount of funds, then legal entities in which the public capital invested amounts to at least 25%, and other states, foreign political parties and foreign legal entities.

Prohibited contribution by state bodies does not imply the use of business premises, which are given to political parties for free use, on the basis of a decision of the competent body.

Exceptionally, when it comes to the ban on financing political parties from other countries (states), foreign political parties and foreign legal entities, the same does not apply to the financing of programs for education, with the aim of developing and promoting democratic principles.

Such programs should in no way support the achievement of the program objectives of any political party individually.

Private companies that have concluded contracts on public procurement of services, contracts on public procurement of goods or contracts on public procurement of works with

bodies of executive powers at all levels in Bosnia and Herzegovina, may not financially assist political parties in accordance with the regulations on public procurement in Bosnia and Herzegovina, if the value of all contracts in one calendar year exceeds the amount of KM 10,000.00.

It is forbidden to give voluntary contributions in cash, or in the form of products, through third parties (intermediaries).

Any voluntary contributions paid to the political party from unauthorized sources, as well as amounts of voluntary contributions exceeding the statutory limits, and any payments of voluntary contributions from unnamed or anonymous donors, shall be paid by the political party in favor of the budget of Bosnia and Herzegovina, within the deadline of eight days after the date of the payment received, and inform the BiH Central Election Commission thereof.

However, this provision of the Law on Financing has been rendered impossible by the Ministry of Finance and Treasury of BiH, as can be seen from the response to the request of the Central Election Commission of BiH to this Ministry to submit instructions on the method of payment of funds into the budget.



Broj: 03-07-6-852-2/15
Sarajevo, 22.01.2016. godine
H.G.

BOSNA I HERCEGOVINA
MINISTARSTVO FINANSIJA I TREZORA
Trg Bosne i Hercegovine 1
Sarajevo

PREDMET: Urgencija za instrukciju o uplati sredstva u korist budžeta BiH

Uvidom u službenu evidenciju Centralne izborne komisije Bosne i Hercegovine, utvrđeno je da niste postupili po našem zahtjevu, broj: 03-07-6-852-1/15 od 28.12.2015. godine, koji vam je dostavljen 04.01.2016. godine, odnosno niste dostavili instrukciju o načinu uplate u budžet Bosne i Hercegovine, sredstava koja političke stranke ostvare iz nedopuštenih izvora.

Obzirom da je, u skladu sa odredbama člana 8. stav (7) Zakona o finansiranju političkih stranaka („Službeni glasnik BiH“ broj: 95/12), politička stranka kojoj su na račun uplaćeni prilozi iz nedopuštenih izvora, kao i prilozi koji prelaze limit utvrđen u članu 6. ovog Zakona, te eventualni prilozi od neimenovanih, odnosno anonimnih donatora, dužna iste uplatiti u korist budžeta Bosne i Hercegovine, najkasnije u roku osam dana od dana primljene uplate, molimo da u što kraćem roku dostavite instrukciju o načinu njihove uplate u budžet Bosne i Hercegovine.

S poštovanjem,

Dostaviti:
-Naslovu
-a/a

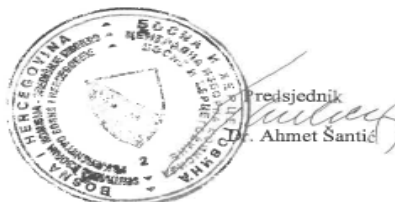


Figure 3 Urgency for instructions on payment of funds for the benefit of the Budget of BiH

BOSNA I HERCEGOVINA
MINISTARSTVO FINANSIJA/
FINANSIJA I TREZORA

БОСНА И ХЕРЦЕГОВИНА
МИНИСТАРСТВО ФИНАНСИЈА
И ТРЕЗОРА

BOSNA AND HERZEGOVINA
MINISTRY OF FINANCE
AND TREASURY

Broj:08-16-1-102-2/16
Sarajevo, 19.01.2016. godine

03:01
17
115
0

PRIMLJENI: 25-01-2016			
Opis posla	Uloga	Radni broj	Broj strana
03-07-6		482	3

BOSNA I HERCEGOVINA
Centralna izborna komisija
Danijela Ozme br 7
71 000 Sarajevo

Predmet:Odgovor na zahtjev za Instrukciju za uplatu sredstava, dostavlja se

Veza:Vaš akt broj:03-07-6-852-1/15 od 28.12.2015. godine

Centralna izborna komisija Bosne i Hercegovine je svojim aktom broj i datum veze tražila instrukciju za uplatu sredstava u budžet institucija BiH od strane političkih stranaka iz nedopuštenih izvora finansiranja. Razmatrajući vaš zahtjev i odredbe člana 6. i člana 8. Zakona o finansiranju političkih stranaka („Službeni glasnik BiH“, broj 95/12) obavještavamo vas da Ministarstvo finansija i trezora BiH nemože dati traženu instrukciju i pored činjenice da je takva aktivnost propisana navedenim Zakonom. Ministarstvo finansija i trezora BiH je mišljenja da bi, postupajući po vašem zahtjevu, moglo doći do uplata sredstava u budžet institucija Bosne i Hercegovine a da se prije toga nije utvrdio izvor, osnov i porijeklo sredstava što bi moglo nanijeti štetu i trošak bužetu institucija BiH jer se radi o sredstvima iz nedopuštenih izvora finansiranja koji Zakonom o finansiranju političkih stranaka nisu dozvoljeni.

tim u vezi Ministarstvo finansija i trezora BiH predlaže Centralnoj izbornoj komisiji BiH da se pokrene izmjena i dopuna Zakona o finansiranju političkih stranaka u ovom dijelu kako bi se na drugačiji način uređila oblast prekoračenja propisanih limita uplata na ime donacija i novčanih priloga fizičkih i pravnih lica političkim strankama.

Dok se zakonski ne uredi ova oblast u smislu sigurnog i zakonitog porijekla uplata preko dozvoljenog limita Ministarstvo finansija i trezora BiH nemože prihvatati uplate tih sredstava na Jedinstveni račun trezora BiH.

S poštovanjem,



Sarajevo Trg BiH 1, tel.: ++387 33 20 53 45, fax: 20 20 30, e-pošta: 26.46.20

Figure 4 Response to the request of the Central Election Commission of BiH

Pursuant to Article 14, paragraph (3) of the Law on Financing, there has been given the possibility that political parties, before pronouncing a sentence / imposing a fine or taking an administrative measure by the Central Election Commission of BiH, may voluntarily eliminate the observed deficiencies, if such are removable. It means that prohibited contributions may be returned to donors, or a portion of the contribution exceeding the statutory limit.

By reviewing and auditing the financial statements, it was established that political parties in the previous period had realized revenues from prohibited sources: by receiving contributions from legal entities that concluded public procurement contracts with executive authorities, contributions from anonymous donors and associations that were financed by funds from the budget, by receiving contributions from municipalities and public companies, which is prohibited by the provisions of Article 8 of the Law on Financing.

Examples from practice - violation of the provisions of the Law on Financing, Article 8, paragraph (1) and paragraph (4) - prohibited contributions.

Example 1

By reviewing the annual financial report for 2014, it was established, among other things, that the political party received anonymous donor contributions in the total amount of KM

8,000.00, and that it received cash contributions in the amount of KM 49,814.00 from the legal entity that, in 2014, concluded a public procurement contract with the executive authority exceeding KM 10,000.00, which is contrary to the provisions of Article 8 paragraph (1) and paragraph (4) of the Law on Financing.

Having conducted the procedure, the Central Election Commission of BiH issued a decision imposing a fine in the amount of KM 58,100.00 for this political party, for it violated the provisions of Article 8, paragraph (1) and paragraph (4).

BOSNA I HERCEGOVINA
CENTRALNA IZBORNA KOMISIJA
SREDIŠNJE IZBORNO POVJERENSTVO



БОСНА И ХЕРЦЕГОВИНА
ЦЕНТРАЛНА ИЗБОРНА КОМИСИЈА

Pursuant to Article 14 paragraph (2) of the Law on Financing ("Official Gazette of BiH", No. 95/12 and 41/16), Article 15.6 paragraph (2) of the Law on Election of BiH ("Official Gazette of BiH" No. 23/01, 7/02, 9/02, 20/02, 25/02, 4/04, 20/04, 25/05, 52/05, 65/05, 77/05, 11/06, 24/06, 32/07, 33/08, 37/08, 32/10, 18/13, 7/14 and 31/16), Article 193 paragraph (1) of the Law on Administrative Procedure ("Official Gazette of BiH", No. 29/02, 12/04, 88/07, 93/09, 41/13 and 53/16) and Articles 18 and 22 of the Rules of Procedure of the Central Election Commission of BiH ("Official Gazette of BiH", No. 50/07, 33/09, 24 / 13 and 32/14) in the proceedings of establishing a violation of the provisions of the Law on Financing by the Political Party -----, seated in ----, represented by the President of the Party, for violating the provisions of the Law on Financing and the Law on Election of BiH, the Central Election Commission of BiH, at its 92nd session, held on 8 December 8 2016, adopted the following

DECISION

(1) The political party ----- is liable, as in 2014 it:

- a) did not issue certificates of receipt of monetary contributions from natural persons in the amount of KM 77,034.06, thereby violating the provisions of Article 5, paragraph 4 of the Law on Financing,
- b) received monetary contributions from three anonymous donors in the total amount of KM 8,000.00, thereby violating the provisions of Article 8, paragraph (1), item e) of the Law on Financing,
- c) received monetary contributions in the amount of KM 49,814.00 from the legal entity that in 2014 concluded a public procurement contract with a body of executive power exceeding KM 10,000.00, thereby violating the provisions of Article 8, paragraph (4) of the Law on Financing, and
- d) exceeded the limit on the costs of election campaign for the amount of KM 32,137.05, thereby violating the provisions of Article 15.10 paragraph (2) of the Law on Election of BiH.

and pursuant to Article 15 paragraph (2) and applying Articles 19 and 20 of the Law on Financing and Article 15.6 paragraph (2) of the BiH Election Law, in conjunction with Article 6.7, paragraph (1), item 1 of the Law on Election of BiH, there is imposed:

- 1) for the violation referred to in paragraph (1) item a) a fine in the amount of **KM 2,000.00 (in words: two thousand convertible marks)**,
- 2) for the violation referred to in paragraph (1) point b) a fine in the amount of **KM 8,100.00 (in words: eight thousand and one hundred convertible marks)**,
- 3) for the violation referred to in paragraph (1) point c) a fine in the amount of **KM 50,000.00 (in words: fifty thousand convertible marks)** and
- 4) for the violation referred to in paragraph (1) item d) a fine in the amount of **KM 2,000.00 (in words: two thousand convertible marks)** and
a unique monetarz fine in the amount of KM 62.100,00 (in words: sixty two thousand hundred convertible marks).

(2) The fine referred to in paragraph (1) of this Decision shall be paid within eight days from the date of the validity of this decision on the account of the Ministry of Finance and Treasury of BiH.

Rationale

...

Furthermore, in the evidentiary hearing (proceedings), the Central Election Commission of BiH conducted evidence by inspecting the Final Report on the Review of the Annual Financial Report for 2014 and established as follows:

- ...
- that, in its financial statements, it stated financial contributions from three natural persons in the total amount of KM 8,000.00, who, in their statements submitted to the Central Election Commission of BiH stated that they were not donors of the party. Based on the statements of natural persons that they did not give donations, and bank orders that do not contain information about the donor's identity, it was undoubtedly established that the political party received contributions from anonymous donors, and not from those donors whose names were listed in the financial report, thereby violating the provisions of Article 8. paragraph (1) point e) of the Law on Financing.
 - that it received cash/monetary contributions in the amount of KM 49,814.00 from the legal entity that, in 2014, concluded a public procurement contract with a body of executive power exceeding KM 10,000.00, thereby violating the provisions of Article 8, paragraph (4) of the Law on Financing. At the request of the Central Election Commission of BiH, the Municipality of Ilidža submitted the act No. 04-14-310/16 of 18 January 2015, stating that a public procurement contract was concluded with a legal entity on 17 June 2014 in the amount of KM 198,139.49. During 2014, one part of the contract was realized in the amount of KM 102,612.44.
- ...


The political party filed an appeal against the decision of the Central Election Commission of BiH, which was rejected by the decision of the Court of Bosnia and Herzegovina.

Example 2

The Report on the Review of the Annual Financial Report for 2013 listed the following: "Based on the data provided by the Municipality of Istočni Drvar, it was established that from the budget of this municipality, in 2013, the party was paid a total of KM 80.00 on the account of a natural person. Funds were paid by the Budget reserve pursuant to the Decision of the Mayor of the Istočni Drvar Municipality No. 01-22-383/13 of 12 July 2013.

Considering that the revenue from the budget is considered only the revenue / income defined in Article 3, paragraph (1), item e) and Article 7 of the Law on Financing, and that the party received funds from the Budget reserve of the Istočni Drvar Municipality, the party, having received these funds, violated the provisions of Article 8 paragraph (1) of the Law on Financing. "

Due to the violation of Article 8, paragraph (1) of the Law on Financing of Political Parties, the Central Election Commission of BiH issued a decision fining the political party.

<p>BOSNA I HERCEGOVINA CENTRALNA IZBORNA KOMISIJA SREDIŠNJE IZBORNO POVJERENSTVO</p>		<p>БОСНА И ХЕРЦЕГОВИНА ЦЕНТРАЛНА ИЗБОРНА КОМИСИЈА</p>
<p>Pursuant to Article 14 paragraph (2) of the Law on Financing ("Official Gazette of BiH", No. 95/12), Article 193 paragraph (1) of the Law on Administrative Procedure ("Official Gazette of BiH", No. 29/02, 12/04, 88/07, 93/09, 41/13) and Articles 18 of the Rules of Procedure of the Central Election Commission of BiH ("Official Gazette of BiH", no. 50/07, 33/09, 24/13 and 32/14) in the proceedings of establishing a violation of the provisions of the Law on Financing by the Political Party -----, based in -----, represented by the President of the Party, the Central Election Commission of BiH at its 63rd session, held on 9 December 2015, adopted the following</p>		
<p>DECISION</p>		
<p>The political party ----- is liable, as in 2013 it:</p> <p>a) did not keep records of the receipt of voluntary contributions, thereby violating the provisions of Article 5, paragraph 4 of the Law on Financing,</p>		

b) realized a prohibited contribution in the amount of KM 80.00 and used the business premises owned by the Municipality of Vukosavlje, illegally and without paying rent, thus violating the provisions of Article 8, paragraph (1) of the Law on Financing, and

c) received contribution in the total amount of KM 5,700.00 from legal entities that concluded contracts on public procurement of works and goods with bodies of executive power at all levels in Bosnia and Herzegovina, which value exceeded KM 10,000.00, thus violating the provisions of Article 8 (4) of the Law on Financing,

and pursuant to Article 15 paragraph (2) and applying Article 19 and Article 20 of the Law on Financing, there is pronounced:

1) for the violation referred to in paragraph (1) item a) a fine in the amount of KM 500.00 (in words: five hundred convertible marks),

2) for the violation referred to in paragraph (1) item b) a fine in the amount of KM 600.00 (in words: six hundred convertible marks), and

3) for the violation referred to in paragraph (1) point c) a fine in the amount of KM 6,000.00 (in words: six thousand convertible marks), or

a unique monetary fine in the amount of KM 7.100,00 (in words: seven thousand and one hundred convertible marks).

The fine referred to in paragraph (1) of this Decision shall be paid within eight days from the date of the validity of this decision on the account of the Ministry of Finance and Treasury of BiH.

Rationale

...

Furthermore, in the evidentiary hearings (proceedings), the Central Election Commission of BiH conducted the evidence by inspecting the Final Report on the Review of Annual Financial Report for 2013 and established as follows:

- that the political party did not book non-monetary donations on the basis of free use of the business premises of the Association of Citizens titled "Ključni biseri", the Association of refugees and displaced persons of Pale and the Municipality of Srebrenica, thereby violating the provisions of Article 5, paragraph 4 of the Law on Financing,
- that it received the contribution of the Istočni Drvar Municipality in the amount of KM 80.00, and
- that it had used the business premises owned by the Municipality of Vukosavlje, illegally and without paying rent, thereby violating the provisions of Article 8, paragraph (1) of the Law on Financing, и
- that it received contributions in the total amount of KM 5,700.00 from legal entities "Energotehnika" d.o.o. Doboј and "Mojić" d.o.o. Bijeljina, which concluded contracts on public procurement of works and goods with bodies of executive power at all levels in Bosnia and Herzegovina, thereby violating the provisions of Article 8, paragraph 4 of the Law on Financing.

...

2.1.4. Publishing, sale of propaganda materials and organization of political party events - Article 3, paragraph (1), item c) of the Law on Financing

The legislator prescribed this source of financing, without taking into account the implications for the activity of political parties, as organizations in which citizens freely and voluntarily organize themselves to participate in elections, with the aim of carrying out political activities and achieving political goals.

In order for a political party to deal with publishing activity or the sale of propaganda material, it would have to enter the sphere of profit activity, which requires its own publishing, production facilities or its own trading activity. Thus, as a non-profit organization, the political party is imposed all obligations in accordance with the tax regulations, obligation to enter the VAT system, obligation of fiscalization and other tax obligations on the basis of direct taxes, which is distancing it from the real objectives. The same situation would be if a political party would deal with the organization of political party events, with the aim of gaining profit from which it would finance its political activities.

Even if a propaganda material is provided to the political party as donations from legal entities and natural persons, it becomes a taxpayer due to selling such material, which is inherent in profit-oriented companies.

2.1.5. Restrictions on property income/revenue and profits from companies owned by political parties - Article 3, paragraph (1), item d) of the Law on Financing

The political party in its possession may have assets and earn revenue from it, which will further use to finance its political activities. The Law on Financing does not prescribe what assets a political party may have, but prescribes the annual limit for this source of financing. The political party's annual income/revenue derived from its property/assets must not exceed 20% of the total income of such political party, generated from all sources. If a political party earns an income that is higher than 20% of total income from its assets, then such party is obliged, within 30 days from the date of submitting the financial report to the Central Election Commission of BiH, to pay the amount exceeding this percentage for charity purposes, that is, to make payment to one or more organizations that are registered in Bosnia and Herzegovina for charity work. Evidence that the funds have been paid to the organization that is registered for charitable work and that such organization is actually engaged in charitable work, in addition to the documented proof of registered activity, are submitted to the Central Election Commission of BiH.

Political parties are prohibited from earning income from assets that are not owned by such political parties.

A political party may be financed from the profits of the companies that are in its possession, provided that such companies perform the activity permitted by the Law on Financing. A company owned by a political party may only deal with cultural or publishing activity. In addition to prescribing the type of activities of companies owned by political parties, the Law on Financing prescribes the limit on the amount of revenues that a political party may earn from this source.

The political party's annual income realized from the profit of the company in its possession must not exceed 20% of the total income of the political party. If the political party generates income on this basis, which is more than 20% of the total income of the party, the party is obliged to give away this difference for charity, in the same way as in the case of the property income difference.

Examples from practice - violation of the provisions of the Law on Financing, Article 3, paragraph (4) ¹² – *exceeding the limits of the amount of property income.*

Example 1.

The report on the audit of financial statements for 2004 states the following:

¹² Law on Financing (Official Gazette of BiH, No. 22/00).

"Since the total income of the political party in the reporting period amounted to KM 121,755.00, we concluded that the income from the property owned by the party in the reporting period amounted to KM 44,540.00, or 36.58% of the total realized income.


Article 3, paragraph 4 of the Law on Financing prescribes the obligation for political parties which income from assets/property exceeds 20% of total realized income, within 30 days from the date of submission of the financial report, to give away the amount exceeding the mentioned 20% for charity purposes.

Since 20% of the total revenue of the party amounted to KM 24.351,00, the party was obliged to give the amount of KM 20.189,00 for charity.

The party gave charitable contributions in school supplies to the Refugee Center in Stari Ilijaš in the amount of KM 680,00, which, on 30 June 2005, was paid through the cash register.

When we deduct the amount of KM 680.00 from the amount of KM 20,189.00, which is the amount that the party is obligated to give for charity purposes, we arrive at the conclusion that the remaining amount of the proceeds of the property in the amount of KM 19,509.00 has not been given to the charity for the benefit of the party, thus violating the provisions of Article 3, paragraph (4) of the Law on Financing. "

Due to the violation of Article 3, paragraph (4) of the Law on Financing, the Central Election Commission of BiH issued the decision on fining the political party.

<p>BOSNA I HERCEGOVINA CENTRALNA IZBORNA KOMISIJA SREDIŠNJE IZBORNO POVJERENSTVO</p>		<p>БОСНА И ХЕРЦЕГОВИНА ЦЕНТРАЛНА ИЗБОРНА КОМИСИЈА</p>
<p>Pursuant to Article 13 paragraph (2) and Article 15, paragraph (1) of the Law on Financing (Official Gazette of BiH, No. 22/00), in conjunction with Article 15.6. paragraph (2) of the Law on Election of BiH (Official Gazette of BiH, No. 23/01, 7/02, 9/02, 29/02, 4/04, 20/04 and 25/05, 52/05, 65/05, 77/05, 11/06 and 24/06), the Central Election Commission of BiH, at the 31st session, held on 24 May 2007 adopted the following</p>		
<p>DECISION</p>		
<p>(1) The political party -----, headquartered in ---, is liable for not paying the amount of KM 19,509.00 in 2004 for charitable purposes, which relates to the property income exceeding the amount of 20% of the total annual income of the party, thereby violating the provision of Article 3, paragraph (4). Of the Law on Financing, and in accordance with the aforementioned legal provision and pursuant to Article 15, paragraph (1) of the Law on Financing, was fined in the amount of KM 1,000.00 (in words: one thousand convertible marks).</p>		
<p>(2) The political party is required to pay the amount of KM 19,509.00 within 15 days from the date of receipt of this Decision for charitable purposes, i.e. to one or more organizations engaged in charity work and to furnish the proof thereof to the Central Election Commission of BiH, and if it fails to fulfill its obligations under this paragraph within the prescribed deadline, the Central Election Commission of BiH shall issue an order for the enforced execution of this administrative measure.</p>		
<p>(3) The payment of the fine referred to in paragraph (1) of this Decision shall be made on the account of the Ministry of Finance and Treasury of BiH number 000 003 00000001 45 at the Central Bank of BiH, with reference to number 37111 and with the indication - fine upon the Decision of the Central Election Commission of BiH No. 01-07-6-1727 / 07 of 24 May 2007, within eight (8) days from the date of validity of the decision, and the proof thereof shall be submitted to the Central Election Commission of BiH.</p>		
<p>Rationale</p>		

...

The Audit Service has determined that the political party ---- in the controlled period realized income from property owned by the party in the amount exceeding 20% of the total annual income of the party, since the total revenue realized by this political party amounted to KM 121.755,00 in which the revenues derived from property income amounted to KM 44,540.00, or 36.58%. As the limit of this type of revenue of 20% of the total income is KM 24,251.00, it follows that the same was exceeded for the amount of KM 20,189.00, which amount the party was obliged to give for charity purposes in accordance with the provision of Article 3, paragraph 4) of the Law on Financing.

Likewise, it was established that the political party ---- gave the amount of KM 680,00 for charity purposes, and that the amount of KM 19,509.00 was not given for charity nor to one or more organizations that are engaged in charity work, which was obliged to do as required, in accordance with the provision of Article 3, paragraph (4) of the Law on Financing.

...

The political party filed an appeal against the Decision of the Central Election Commission of BiH, which was rejected by the ruling of the Court of Bosnia and Herzegovina as unfounded. The party then made a payment for charity purposes in the amount of 19.509,00 KM to the Red Cross of the Federation of BiH.

2.1.6. Use of funds for achieving the goals set by the program - Article 4 paragraph (1) of the Law on Financing

Article 4, paragraph (1) of the Law on Financing stipulates that financial resources provided by a political party in accordance with the provisions of this Law may be used exclusively for the fulfillment of the goals established by their program and the statute.

In order to comply with this statutory provision, political parties have an obligation to set up a spending plan for each calendar year, in which they will detail the costs for their activities. political parties are preparing and adopting this plan in the current year for the next year. The plan is submitted to the Central Election Commission of BiH along with annual financial reports for the previous year.

The fact that political parties are established and operate with the aim of carrying out political activities and achieving political goals is in itself sufficient to know that political parties are not humanitarian organizations or social institutions, and that public funds allocated to them from the budget for implementing political goals, may not be redirected to other purposes. In addition to this, there are also cases of abuse of public funds, through payment of goods and services, and payment of significant amounts of funds for personal needs of highly-positioned members of political parties. Along with all of these, tax evasion is also being carried out.

Pursuant to Article 14, paragraph (4) of the Law on Financing, the Central Election Commission of BiH shall report any suspicion of a criminal offense, which may be related to the financing of political parties and the financing of election campaign, to the competent prosecutor's office and other law enforcement bodies.


Due to non-compliance with the provision of Article 4, paragraph (1) of the Law on Financing, the Central Election Commission of BiH sanctioned nine political parties in 2016, and six political parties in 2017, by imposing monetary fines ranging from KM 1,000.00 to KM 5,000.00.

Examples from practice - violation of the provisions of the Law on Financing, Article 4, paragraph (1) - exceeding the limits on the amount of property income.

Example 1

The report on the review of the annual financial report for 2014 states the following:
"The party in its 2014 Expenditure Plan did not provide for the funds for councilors. Pursuant to the act number 01-14-388-71/15 of 4 October 2015, it has been established that the funds from the budget of the Sarajevo Canton for 2014 intended for the political party in the amount of KM 53,637.70, were paid to the transaction account number 1990496065383857 opened with Sparkasse bank in the name of a natural person. Given that the party used budget funds beyond the established plan, it violated the provisions of Article 4, paragraph (1) of the Law on Financing of Political Parties. "

Having conducted the proceedings, the Central Election Commission of BiH, due to the violation of the provisions of this Article of the Law, passed the decision on fining the political party.

<p>BOSNA I HERCEGOVINA CENTRALNA IZBORNA KOMISIJA SREDIŠNJE IZBORNO POVJERENSTVO</p>		<p>БОСНА И ХЕРЦЕГОВИНА ЦЕНТРАЛНА ИЗБОРНА КОМИСИЈА</p>
<p>Pursuant to Article 14 paragraph (2) of the Law on Financing ("Official Gazette of BiH", No. 95/12 and 41/16), Article 193 paragraph (1) of the Law on Administrative Procedure ("Official Gazette of BiH", No. 29/02, 12/04, 88/07, 93/09, 41/13 and 53/16) and Articles 18 of the Rules of Procedure of the Central Election Commission of BiH ("Official Gazette of BiH", no. 50/07, 33/09, 24/13 and 32/14) in the proceedings of establishing a violation of the provisions of the Law on Financing by the Political Party -----, based in -----, represented by the President of the Party, the Central Election Commission of BiH at its 92nd session, held on 8 December 2016, adopted the following</p>		
<p>DECISION</p>		
<p>(1) The political party ---- is accountable for not using the financial resources provided for the financing of political party from the budget in 2014 in accordance with the provisions of Article 4, paragraph (1) of the Law on Financing, and pursuant to Article 15, paragraph (2), and by applying Article 19 of the Law on Financing, a monetary fine of KM 5,000.00 shall be imposed on the party (in words: five thousand convertible marks).</p>		
<p>(2) The fine referred to in paragraph (1) of this Decision shall be paid within eight days from the date of the validity of this decision on the account of the Ministry of Finance and Treasury of BiH.</p>		
<p>Rationale</p>		
<p>.... Furthermore, in the evidentiary hearings (proceedings), the Central Election Commission of BiH conducted evidence by inspecting the Final Report on the Review of the Annual Financial Report for 2014 and established as follows: - that the political party did not plan funds for compensations to councilors in its 2014 spending program. However, by inspecting the act of the Sarajevo Canton Assembly, No. 01-14-388-71 / 15 of 4 September 2015, the Central Election Commission of BiH has determined that funds allocated from the budget of Sarajevo Canton for 2014 and intended for financing a political party in the amount of KM 53,637.70, were paid to the private account of a deputy at the Cantonal Assembly of the Sarajevo Canton. In the financial report submitted to the Central Election Commission of BiH, the political party did not register the income of KM 53,637.70 that it realized from the Budget of the Sarajevo Canton, nor did it show for what purpose the funds were spent in the aforementioned amount, which undoubtedly points to the fact that the financial funds were spent outside the spending program, thereby violating the provisions of Article 4, paragraph (1) of the Law on Financing.</p>		

The political party filed an appeal to the Appellate Division of the Court of Bosnia and Herzegovina to the decision of the Central Election Commission of BiH. The Court of Bosnia and Herzegovina rejected the appeal of the political party.

Bosna i Hercegovina Босна и Херцеговина



Sud Bosne i Hercegovine Суд Босне и Херцеговине

Broj: S1 3 Iž 024202 17 Iž
Sarajevo, 11.01.2017. godine

12-01-2017
03-07-6-114/16

Sud Bosne i Hercegovine u Sarajevu, u apelacionom vijeću sastavljenom od sudija dr Branka Moraita kao predsjednika vijeća, Mirsade Džindo i Zvezdane Antonović kao članova vijeća, odlučujući o žalbi žaliteljice političke stranke _____, izjavljenoj protiv odluke Centralne izborne komisije Bosne i Hercegovine broj: 03-07-6-814/16 od 08.12.2016.godine, zbog kršenja Zakona o finansiranju političkih stranaka, u nejavnoj sjednici, održanoj dana 11.01.2017.godine, donio je

RJEŠENJE

Žalba se odbija.

Obrazloženje

Odlukom Centralne izborne komisije Bosne i Hercegovine (u daljem tekstu: CIK BiH), broj i datum navedeni u uvodu, žaliteljici, političkoj stranci _____, izrečena je novčana kazna u iznosu od 5.000,00 KM, zbog odgovornosti što u 2014. godini finansijska sredstva osigurana za finansiranje političke stranke iz budžeta nije koristila u skladu sa odredbama člana 4. stav 1. Zakona o finansiranju, političkih stranaka.

2.2. Budget allocations for financing political parties

The Law on Financing prescribes that political parties may be financed from the budget of Bosnia and Herzegovina in accordance with this Law, Entity budgets, cantonal budgets and and the budget of the Brčko District of BiH, including budgets of other units of local government and self-government in accordance with the law, which means that funds from the budget of the lower levels of government, are allocated and paid in accordance with the entity regulations, although they are not in line with the provisions of the state law and differently prescribe the financing of political parties from the budget.

2.2.1. Financing of political parties from the budget of Bosnia and Herzegovina

The budget of BiH institutions provides funds for financing political parties, coalitions of political parties and independent candidates represented in the Parliamentary Assembly of BiH and parliamentary groups, that is, clubs of deputies and delegates in the Parliamentary Assembly of BiH.

The total funds allocated may not exceed the amount of 0.2% of the budget of Bosnia and Herzegovina in the calendar year.

Funds are distributed in such a way that 30% of the funds are distributed equally to all political parties, i.e. coalitions of political parties that have won mandates, 60% of funds

are divided according to the number of parliamentary mandates, and 10% of funds are allocated to parliamentary groups in proportion to the number of seats belonging to less represented sex.

Members of the coalition of political parties participate in the distribution of funds on the basis of an agreement for the allocation of funds, which is deposited in the Central Election Commission of BiH, and if such an agreement does not exist, the funds are allocated among the members of the coalition of political parties according to the number of mandates won.

Parliamentary groups, that is, deputies' and delegates' clubs and independent candidates in the Parliamentary Assembly of BiH, participate in the allocation of funds (part of the funds of 60%) according to the number of parliamentary or delegate mandates in the Houses of the Parliamentary Assembly of BiH.

The Joint Commission for Administrative Affairs of the Parliamentary Assembly of BiH, by virtue of their acts, will accurately regulate the allocation of funds under this Article, control of spending and other financial issues related to the implementation of this Law.

2.2.2. Financing of political parties from the budget of the Federation of Bosnia and Herzegovina

The Federation of Bosnia and Herzegovina does not have a law that stipulates the financing of political parties from the Budget of the Federation of BiH, and funds for financing political entities are determined by the Law on Execution of the Budget of the Federation of BiH¹³, which is adopted for every budget year.

The Law on Execution of the Budget of the Federation of Bosnia and Herzegovina for 2016 stipulates that funds for political parties and coalitions are allocated in the amount of 0.2% in relation to the total budget revenues.

Funds determined in the section 15 of the Budget, that is, on the position titled "Transfer for political parties and coalitions", are used according to the program adopted by the Government.

Funds for financing political entities are allocated so that 40% of the envisaged amount belongs to political entities represented in Parliament, in equal amounts, and 60% to the number of deputies in Parliament's houses, on the day of mandate assignment. If the agreement between the coalition members regulates the manner of distribution of funds, the Government allocates the funds belonging to the coalition on the basis of the contract.

Since the Federation of Bosnia and Herzegovina has not adopted any special regulation that would regulate in detail the method of financing political parties from the Entity budget and budgets of the lower levels of government in this Entity, in accordance with the provisions of Article 7 paragraph (6) of the State Law on Financing, any authority paying funds for financing political parties should, by virtue of

¹³ The law is adopted for every year

its acts, regulate in detail the allocation of funds from its budget, spending control and other financial issues related to the implementation of the act. Such acts may not be made for individual cases, depending on the will of the political entity that is currently taking part in the government, nor be applied selectively, as some political subjects would not be brought into an unequal position.

2.2.3. Financing of political parties from the budget of Republika Srpska

The financing of political parties in Republika Srpska is regulated by the Law on Financing of Political Parties from the Budget of Republic, Municipality, and City¹⁴. Funds allocated from the budget of Republika Srpska, in accordance with this Law, are used for:

- financing part of the costs of regular work of political parties, coalitions, independent deputies, or councilors;
- covering one part of costs of the election campaign of political parties, coalitions, independent lists and independent candidates that have confirmed the electoral lists for the election of deputies or councilors, and
- covering one part of costs of the work of parliamentary, delegate, or councilor clubs and groups.

Funds allocated to finance the costs of regular work of political parties, coalitions, independent deputies or councilors may not be less than 0.2% of total budget revenues from the previous year.

The funds are allocated as follows:

- 20% of the funds are distributed in equal amounts to all political parties and coalitions represented in the assembly, and independent deputies, and
- 80% is allocated in proportion to the number of mandates won, which a political party, coalition, an independent deputy or councilor has in the assembly.

2.2.4. Financing of political parties from the budget of the Brčko District of BiH

The financing of political parties in the Brčko District of BiH is regulated by the Law on Financing of Political Parties from the Budget of the Brčko District of Bosnia and Herzegovina.¹⁵ In accordance with the provisions of this law, the funds from the budget of Brčko District are allocated for:

- pre-election campaign of political parties participating in the elections for the Brčko District Assembly of BiH, and
- regular work of political parties represented in the Brčko District Assembly of BiH.

Funds for the pre-election campaign of political parties are provided in the year in which the regular elections for the Brčko District Assembly are held, in the amount of 0.03% of the revenues in the budget of Brčko District or KM 60,000, depending on which of these amounts is lower.

¹⁴ Official Gazette of the Republic of Srpska, No. 65/08

¹⁵ Official Gazette of Brčko District of BiH, No. 29/04, 14/07 and 19/07

Funds for the regular work of political parties are allocated at an annual rate of 0.1% of revenues in the budget of the Brčko District or KM 200,000, depending on which of these two amounts is lower.

Funds allocated for regular work of political parties and their representative clubs in the Brčko District Assembly of BiH are distributed in such a way that:

- 30% of the funds are distributed in equal amounts to all representative political clubs represented in the Brčko District Assembly of BiH, while
- 70% of the total amount is allocated in proportion to the number of representative seats that each political party has in the Brčko District Assembly at the moment of distribution.

In the review and audit procedures of the financial statements, the Audit Office found that certain political parties did not report revenue from the budget received by their lower organizational units or their councilors on their transaction accounts.

Examples from practice - violation of the provisions of the Law on Financing, Article 11 and Article 12 - *not reporting revenues from the budget.*

Example 1

Having audited the financial report of the political party and its financial documentation for 2012, it was established that the political party, in its business books and financial report submitted to the Central Election Commission of BiH, did not present the revenues generated from the budget of Canton 10 in the amount of KM 72,000.00 and revenue from the budget of the Municipality of Pelegićevo in the amount of KM 1,000.00, thereby violating the provisions of Article 11 (1) and (3) of the current Law on Financing and Articles 13 and Article 19 of the Rulebook on Annual Financial Reports of Political Parties.

"-At the request of the Central Election Commission of BiH, the Ministry of Finance of the Canton submitted the act number 03-05-14-81.28 / 13 of 29 August 2013, with an overview of the paid funds in the period from 1 January until 31 December 2012 in the total amount of KM 72,000.00. The act states that one tranche, in the amount of KM 36,000.00, was paid on 4 January 2012 to transaction number 3381502500006993 and that the second tranche was paid on 24 September 2012 in the amount of KM 36,000.00, also paid into the same transaction account. The party did not record the said budget funds in its business books nor in the financial report, and also did not indicate the said transaction account.

-The party in the financial report did not disclose the budget funds derived from the Municipality of Pelagićevo in the amount of KM 1,000.00. At the request of the Central Election Commission of BiH, the Municipality of Pelagićevo submitted the act No. 02-402-16/13 of 12 September 2013, stating that the municipality paid the budget funds in the amount of KM 1,000.00 to the current account 5620118073680593 with NLB Razvojna banka."

Due to the violation of Article 11 of the current Law on Financing, the Central Election Commission of BiH issued the decision on fining the political party.



Pursuant to Article 14 paragraph (2) of the Law on Financing (Official Gazette of BiH, No. 95/12), Article 193 paragraph (1) of the Law on Administrative Procedure (Official Gazette of BiH, No. 29/02, 12/04, 88/07, 93/09, 41/13) and Articles 18 of the Rules of Procedure of the Central Election Commission of BiH (Official Gazette of BiH, No. 50/07, 33/09, 24/13 and 32/14) in the proceedings of establishing a violation of the provisions of the Law on Financing by the Political Party -----, based in -----, represented by the President of the Party, the Central Election Commission of BiH at its 85th session, held on 18 December 2014, adopted the following

DECISION

(1) The political party ---- is accountable due to the fact that in 2012 it did not establish complete and accurate records of its revenues and expenditures and did not submit its financial report in the form approved by the Central Election Commission of BiH, thus violating the provisions of Article 11, paragraphs (1) and (3), of the then valid Law on Financing (Official Gazette of BiH, No. 22/00, 102/09 and 54/10), and pursuant to Article 15 paragraph (2) of the Law on Financing (Official Gazette of BiH", no: 95/12), and in connection with Article 6.7, paragraph (1), item 1 of the Law on Election of BiH, the party is imposed:

- a monetary fine in the amount of **KM 9,000.00 (in word: nine thousand convertible marks)**.

(2) The fine referred to in paragraph (1) of this Decision shall be paid within eight days from the date of the validity of this decision on the account of the Ministry of Finance and Treasury of BiH.

Rationale

...

Furthermore, in the evidentiary hearings (proceedings), the Central Election Commission of BiH carried out the evidence by inspecting the Final Report on the Review of Audit of Annual Financial Report for 2012 and established that:

- In its business books nor in its financial report submitted to the Central Election Commission of BiH, the political party did not disclose the revenues it generated from the budget of Canton 10 in the amount of KM 72,000.00, and the income from the budget of the Municipality of Pelagićevo in the amount of KM 1,000.00, and also did not state the transaction account no. 3381502500006993 to which the funds from the Budget of Canton 10 were paid.

...

The political party filed an appeal on the decision of the Central Election Commission of BiH, which was rejected by the decision of the Court of Bosnia and Herzegovina as unfounded.

2.3. Financing election campaigns

When it comes to funding sources, political parties and independent candidates provide funding for election campaigns in accordance with the Law on Financing.

In addition to budget funds for the regular work of political parties, funds from the budget of Republika Srpska and Brčko District of BiH are also allocated for the purpose of financing the election campaign.

Pursuant to the Law on Financing Political Parties from the Budget of Republic, City and Municipality, funds from the budget of Republika Srpska are allocated to cover one part of costs of the election campaign of political parties, coalitions, independent lists and independent candidates that have confirmed the electoral lists for the election of deputies, councilors. In accordance with Article 8 of the Law on Financing of Political Parties from the Budget of Republic, City and Municipality, the costs of the election campaign are as follows: costs of printing posters and billboards; printing costs of pre-election campaigns; declarations; announcements and the like in public media; costs of organizing and

conducting pre-election rallies; costs of printing, reproduction and sending of pre-election materials that are sent to voters and others with related activities, from the day of calling to the Election Day.

The Law on Financing Political Parties from the Budget of the Brčko District of Bosnia and Herzegovina stipulates that the funds from the budget of the Brčko District of BiH will be allocated for the pre-election campaign of political parties participating in the elections for the Brčko District Assembly of BiH. Also, this law determined that the costs of the election campaign relate to the funds spent on posters, advertisements, billboards, leaflets, and organizing public gatherings as well as other activities related to the pre-election campaign.

2.3.1. Financial reporting on the election campaign

Political parties and independent candidates participating in the elections for BiH authorities at all levels are obliged to submit the following to the Central Election Commission of BiH:

- a) financial report covering a period beginning three months prior to the date of filing the application for certification and ending on the date of filing an application for certification (pre-election financial report), and
- b) additional financial report for the period from the date of submission of application for certification until the date of verification of the election results (post-election financial report).

As well as the annual financial reports, political parties submit their pre-election and post-election financial reports/statements to the Central Election Commission of BiH in electronic form through the FI CIK BiH application. Political parties submit their pre-election financial reports/statements in hard copy, printed using the FI CIK BiH Application, together with the application for verifying the participation in the elections, while post-election financial reports/statements are submitted within 30 days from the date when the Central Election Commission of BiH announces the final election results.

The content and form of the pre-election and post-election financial report form of political parties is set out in Article 5 of the Rulebook on annual financial reports of political parties, and the accuracy and completeness of the data in each form is verified by the president of the political party or other authorized person.

The review, control and audit of pre-election and post-election financial reports/statements of political parties is performed by the Audit Office.

Independent candidates submit their pre-election and post-election financial reports/statements to the Central Election Commission of BiH in hard copy and on the forms prescribed by the Rulebook on pre-election and post-election financial reports of independent candidates.

2.3.2. Cost of election campaign

Chapter 15 of the Law on Election of BiH specifies the obligation to submit pre-election and post-election financial reports/statements, the content of these reports, as well as the limitation of costs of election campaign.

Namely, Article 15.1 paragraph (1) of the Law on Election of BiH stipulates that the financial statements also contain the total amount of payments on the following basis: costs of printing posters and billboards; printing costs of election campaigns; declarations, announcements, etc. in public gazettes; costs of organizing and maintaining pre-election rallies, and the costs of printing, reproduction and sending pre-election material to voters.

Article 15.10 paragraph (1) of the Election Law of BiH stipulates that, within seven days from the conclusion of the Central Voter List, the Central Election Commission of BiH shall announce the number of voters for each constituency, and that this number serves as the basis for determining the maximum amount of funds a political entity is entitled to spend on financing the election campaign.

The maximum allowed amount for financing the election campaign is calculated by multiplying the number of voters in all constituencies in which a political entity has a candidate list or candidates by 20 pfennig for the election of members of cantonal assemblies, and by 30 pfennig for the elections of Municipal Mayor / Mayor and members of the Municipal Council / Municipal Assembly, members of the RS National Assembly and the House of Representatives of the Federation of BiH, members of the Parliamentary Assembly of Bosnia and Herzegovina, BiH Presidency, the President and Vice-President of RS.

2.3.3. Dedicated account to finance the election campaign

In accordance with Article 4.4 of the Law on Election of BiH, political subjects are obliged to provide the information on the number of accounts for financing the election campaign in their Verification Application.

The BiH Central Election Commission, in accordance with its competencies under Article 2.9 of the Election Law of BiH, adopted the Rulebook on Application and Conditions for Certification of Political Entities for Participation in the 2018 General Elections, which stipulated the form and content of the application for the certification of political entities (Official Gazette of BiH, No: 29/18). By virtue of the provision of Article 4, paragraph 2 of this Rulebook, it is stipulated that political parties and independent candidates are obliged to pay the registration fee regarding the applications for participation in the General Elections in 2018 from their transaction account, which will be specifically used for the election campaign during the 2018 General Elections.

In accordance with the above, political parties were obliged to open a transaction account that would be deliberately used for the election campaign, during and through which it will perform all transactions related to the financing of the election campaign: payment of contributions from natural and legal persons; funds from the budget for financing campaigns in accordance with regulations or transfer of funds to this dedicated account from other political party accounts, and payment of all election campaign expenses. No

other payment of costs may be made from the dedicated account, except for the cost of the election campaign.

3. Legislation

The Central Election Commission of BiH, in accordance with the provisions of the Law on Financing and the provisions of the Law on Election of BiH, issues regulations for the implementation of provisions specifying in detail the content, form, manner and other details of the reporting of political entities. In accordance with its competencies, the Central Election Commission of BiH has adopted three regulations regulating reporting in the field of political party financing and election campaigns and a rulebook that sets out the procedures by which the Audit Office / Service reviews, controls and audits financial reports of political parties.

3.1. Rulebook on pre-election and post-election financial reports of political parties

In February 2018, the Central Election Commission of BiH for the first time divided the way of submitting financial reports of political parties participating in the elections and financial reports submitted by independent candidates. It has adopted two separate rulebooks, thus abrogating the Rulebook on pre-election and post-election financial reports of political entities¹⁶.

The Rulebook on pre-election and post-election financial reports of political parties regulates the manner of filing financial reports, the content and form of financial reports and the control of financial reports of political parties participating in elections, and the reports are mandatory submitted to the Central Election Commission of BiH.

Political parties that participate in elections for BiH authorities at all levels are obliged to submit the following to the Central Election Commission of BiH:

- a) financial report covering the period beginning three months prior to the date of filing the application for certification and ending on the date of filing an application for certification (pre-election financial report), and
- b) additional financial report for the period from the date of submission of the application for the certification until the date of verification of the election results (post-election financial report)

The political parties submit the pre-election and post-election financial reports to the Central Election Commission of BiH in electronic form using the FI CIK BiH Application, and the certificate on the submitted financial report along with printed forms of the financial report from the FI CIK BiH Application in PDF format, after signing and stamping them with the seal of political party, are also submitted in hard copy.

The political parties submit their pre-election financial reports/statements in hard copy together with the application for certification to participate in elections, while post-election

¹⁶ Official Gazette of BiH, No. 10/18

financial reports are submitted within 30 days from the date when the Central Election Commission of BiH discloses/publishes the final election results.

The content and form of the forms of pre-election and post-election financial reports of political parties is set out in Article 5 of the Rulebook on Annual Financial Statements of Political Parties.

The accuracy and completeness of the data in each form is verified by the signature of the president of a political party or other authorized person.

3.2. Rulebook on annual financial reports/statements of political parties

The Rulebook on the annual financial reports of political parties prescribe the method of submitting the annual financial report, the content and the form of the annual financial report, the control of financial reports/statements and the manner of public access to the information contained in the review and audit reports, and financial reports/statements of political parties.

The Central Election Commission of BiH has developed an application for the electronic submission of financial reports of political parties, which serves to manage data on the financing of political parties.

Pursuant to Article 3 of the Rulebook on Annual Financial Statements of Political Parties, political parties are obliged to submit an annual financial report for each calendar year (accounting year) in electronic form to the Central Election Commission of BiH through the FI CIK BIH Application. The confirmation of the submitted annual financial report and printed forms of the financial report in PDF format certified by the signature of the authorized person and seal of the political party shall be also submitted to the Central Election Commission of BiH in hard copy.

The responsibility for the accuracy of the data presented in the report is borne by the political party (party president or other authorized person who, with his signature, authenticates each form of the financial report.

If the Central Election Commission of BiH considers that a political party has not acted in accordance with the provisions of the Law on Financing and this Rulebook, before imposing any fine or administrative measure, it will endeavor to achieve that the political party that was found to have violated the provisions of the said law and this Rulebook, voluntarily acts and removes detected irregularities, if they are removable. If the political party fails to correct the irregularities, or the same irremovable, the Central Election Commission of BiH, will impose a sanction on the political party or undertake an appropriate administrative measure.

3.3. Rulebook on pre-election and post-election financial reports/statements of independent candidates

This Rulebook regulates the manner of submitting the financial reports/statements, the content and the form of the financial statements and control of the financial reports of independent candidates, who participate in the elections, and the reports are mandatory submitted to the Central Election Commission of BiH.

Independent candidates who participate in elections for BiH authorities at all levels are obliged to submit the following to the BiH Central Election Commission:

- a) financial report covering the period beginning three months prior to the date of filing the application for certification and ending on the date of filing an application for certification (pre-election financial report), and
- b) additional financial report for the period from the date of submission of the application for the certification until the date of verification of the election results (post-election financial report).

Independent candidates participating in elections submit financial statements in hard copy to the Central Election Commission of BiH.

Independent candidates submit the pre-election financial report at the time of submitting the application for certification to participate in elections, and the post-election report within 30 days from the date when the Central Election Commission of BiH publishes the final election results.

If the Central Election Commission of BiH considers that an independent candidate has not acted in accordance with the provisions of the Law on Financing, the provisions of Chapter 15 of the Law on Election of BiH and this Rulebook, before imposing any sentence or undertaking an administrative measure, it will endeavor to achieve that the independent candidate who was found to have violated the provisions of the said laws and this Rulebook, voluntarily proceeds and removes the detected irregularities, if they are removable. If the independent candidate fails to remedy irregularities or the same are irreversible and the Audit Office / Service determines that the independent candidate has violated the provisions of the Law on Financing, the provisions of Chapter 15 of the Law on Election of BiH and this Rulebook, the Central Election Commission of BiH shall impose a sanction on the independent candidate or take an appropriate administrative measure.

3.4. Rulebook on Administrative Procedures for Reviewing, Controlling and Auditing Financial Statements of Political Parties

The Rulebook on Administrative Procedures for Reviewing, Controlling and Auditing Financial Statements of Political Parties established the procedures by which the Audit Service reviews, controls and audits financial reports of political parties.

The Audit Service/Office keeps records of the financial statements received and determines whether the financial statements have been submitted on the forms prescribed by the Central Election Commission of BiH; whether the financial report was filed within the legal deadline; whether the reporting period is adequate and whether the financial report has been signed by persons authorized to submit a financial report and whether there is a stamp of political party on each form.

After the audit of financial statements has been carried out, the Audit Office / Service will send the request to the political parties for the submission of additional financial documents which, according to the auditor's assessment, are necessary to establish the credibility of the data presented in the financial statements of a political party and to determine whether the party has acted in accordance with the Law on Election of BiH and the Law on

Financing. In addition, the Audit Service may obtain evidence relating to the financing of political parties from other sources (state institutions, public institutions, public companies, other legal entities, banks etc.). The Central Election Commission of BiH may, in accordance with its powers, require certain persons to provide answers in writing or to obtain witness statements in order to determine whether the political party has acted in accordance with the Law on Financing and the Law on Election of BiH.

The Audit Service then constitutes the list of political parties that do not require additional control in the premises of the parties concerned, and the list of political parties that do require auditing of financial reports / statements in the premises of the parties concerned.

When it comes to political parties that do not need additional control, the auditor, after reviewing and evaluating conclusions drawn on the basis of the audit evidence obtained, will prepare, within seven days from the date of completion of the audit, a preliminary audit report for those political parties that do not require additional evidence to be collected at the premises of the parties in order for the auditor to express an opinion on whether the party has acted in accordance with the Law on Financing and the Election Law of BiH. The preliminary audit report with the opinion of the auditor is sent to the political party for comment.

The political party, within ten days from the date of submission of the preliminary audit report, may express its comments on the audit findings and in accordance with Article 14, paragraph (3) of the Law on Financing, remedies the defects/irregularities in the report and violations of law that are removable. The party may, along with its comments, submit additional evidence challenging the audit findings from the preliminary audit report.

After the political party has disclosed the audit findings set out in the preliminary audit report, the auditor complements and corrects the foregoing findings in accordance with his estimate if he considers the parties' objections are founded or the party has provided additional evidence, and issues the final audit report along with the auditor's opinion on the conduct of the party in accordance with the Law on Financing and Chapter 15 of the Law on Election of BiH.

In the event that the political party fails to comment the audit findings within the time limit, the preliminary audit report becomes the final report on the audit of financial statements. The final report on the audit of financial statements/reports is submitted to the political party.

Prior to the commencement of the audit of financial statements, the Audit Service / Office shall notify the political party of its intention to conduct the audit in the field or in the premises of the party by sending an announcement letter indicating the organizational parts of the party which reports will be subject to audit, the start of the audit, the time necessary for carrying out audit in the premises of the political party and the names of auditors that will perform the audit.

The audit of financial statements of a political party shall include reports from the seat of the party and at least two organizational units designated by the Audit Service.

After collecting audit evidence on the ground, the auditor will prepare and issue a preliminary audit report. The preliminary audit report with the findings of the auditor shall be submitted to the political party for comments, to which the political party may, within ten days from the date of submission of the preliminary audit report, submit its comments to the findings of the audit, and in accordance with Article 14, paragraph 3 of the Law on financing eliminate irregularities in the financial report and violations of law that are remedial. In addition, the party may also provide additional evidence that was not available

to the auditor at the time of the audit or that disputes the findings of the audit referred to in the preliminary audit report.

After the political party submit its comments on the audit findings stated in the preliminary report, the auditor, in accordance with his evaluation, supplements and corrects the preliminary finding if he considers that the party's objections have been established or the party has provided additional evidence, and issues the final audit report along with the auditor's opinion on the party's conduct in accordance with the Law on Financing and Chapter 15 of the Law on Election of BiH. In the event that the political party fails to submit its comments to the audit findings within the deadline, the preliminary audit report becomes the final audit report on financial statements.

4. Business Books of Political Parties and Other Records of Income and Expenditures

Political parties have an obligation to keep their books and to submit financial statements in accordance with the accounting regulations and provisions of the Law on Financing.

4.1. Bookkeeping / Accounting

The political parties, as legal entities, establish an accounting system and maintain their business books in accordance with the Law on Accounting and Auditing, International Accounting Standards and International Financial Reporting Standards. In addition to the obligations arising from accounting regulations, political parties have additional obligations arising from the Law on the Financing of Political Parties.

In the context of the provisions of Article 11 of the Law on Financing, parties are obliged to maintain their business books and submit financial statements in accordance with accounting regulations.

In addition to financial statements submitted in accordance with the accounting regulations to the relevant agencies (FIA Financial Information Agency in the Federation of BiH or the Agency for financial, informatics and intermediary services of Republika Srpska), they are obliged to submit to the Central Election Commission of BiH financial reports for each calendar year (accounting year), as prescribed by the Law on Financing and Chapter 15 of the Law on Election of BiH.

Political parties are obliged to keep all their financial statements at least six years after their submission to the Central Election Commission of BiH. It is logical that in addition to the reports / statements prescribed by the Law on Financing, in the same period, there should be kept accounting records and documentation on the basis of which the reports are submitted.

The accounting system of each and every political party must be based on accounting principles: accuracy; truthfulness; reliability; comprehensiveness; timeliness and individual presentation of business events. Political parties are obliged, in accordance with the Law on Accounting and Auditing, to keep business books, which include: diary/log, general ledger and supporting books (analytical records for fixed assets, receivables, cash and cash equivalents, liabilities and other balance positions).

By reviewing and auditing financial reports of political parties, there has been determined that political parties do not keep adequate records of their revenues, expenditures and liabilities, or that they do not keep their business books in accordance with accounting regulations. It was also noted that a number of political parties do not keep business books and do not submit financial statements in accordance with accounting regulations.

In particular, we emphasize that political parties as legal entities are obliged to carry out cash transaction through the treasury (cashier) in accordance with the entity regulations on cash payment, that transactions be documented with credible documents and approved for payment, as well as recorded at the time of collection or payment.

In previous practice, it is evident that the business books of political parties, therefore their financial reports too, fail to cover a significant part of business events, such as those related to income/revenues from non-monetary donations. As non-monetary donations most often represent a free-of-charge service to a political party, at the same time, no expenses in the same amount were recorded in the books. All this has been done under the pretext that the person responsible for bookkeeping did not have the accounting document.

The fact is that the bookkeeping document is a written proof or a memorized electronic record of the occurrence of a business event, signed by the person authorized to compile and control the bookkeeping document, and serves as the basis for posting in the books of account. However, there is another fact, when it comes to political parties, which often receive non-monetary donations on the basis of free use of business premises, which, by virtue of corresponding decisions are assigned to them by the competent state bodies. Such decisions are public documents, published in official gazettes and may certainly serve as accounting documents for recording revenue and expenses at the same time. If the decision does not specify the value of free service, it is the responsibility of political parties and persons in charge of bookkeeping, to determine its market value and, after the same, register the amount of donation.

In addition to income from non-monetary donations, political parties fail to record costs of rent in their business books in accordance with the accounting basis, thus stating their liabilities in a smaller amount compared to the actual ones. Also, political parties do not harmonize obligations with their suppliers, and do not carry out inventory of assets and liabilities at the end of the business year in accordance with accounting regulations, which results in incorrectly disclosed data on assets and liabilities of the political party in its business books and financial statements.

In addition, it was noticed that certain political parties did not consolidate their data on revenues and expenditures, what the Central Election Commission of BiH sought to improve, firstly, by prescribing the obligation to submit forms of income and expenditure items, and then by submitting financial reports electronically, and to assist authorized persons for financial reports that are mainly positioned at political party centers to inspect and control the operations of lower organizational units.

The legislator, by amending the 2016 Law on Financing, and based on recommendations of the Group of countries of the Council of Europe against corruption (GRECO), obliged political parties to regulate the internal control system.

Namely, Article 11 of the Law on Financing stipulates that a political party is obliged, through its internal acts, to regulate a system of internal financial control over its lower

organizational units in order to prevent incorrect recording of revenues and expenditures, and misuse of funds.

In connection with this article, political parties have an obligation to specify internal procedures and steps for recording revenues and expenditures in their business books in order to detect abuses in spending money assets that are mostly secured from the budgets of all levels of government in Bosnia and Herzegovina.

4.2. Financial documentation

At the request of the Central Election Commission of BiH, for the purpose of carrying out control and audit of financial reports/statements, political parties are obliged to submit additional documentation, which, according to the auditor's assessment, is necessary in determining the credibility of the data presented in the financial reports of the political party and in order to establish whether the party acted in accordance with the Law on Financing and the Law on Election of BiH.

These are records from the business books of the political party (gross balance sheet and ledger with analytical records), account activity statement, lease agreements, party assets documentation, membership fees, accounts, receipts and membership fees, confirmations or open item statements with suppliers, inventory of assets and liabilities and other documentation.

This documentation is used by the Audit Office / Service to establish the credibility of the data presented in the financial statements, as well as to determine whether the parties conduct adequate and accurate records of revenues, expenses and liabilities.

In addition to documentation and statements from business books submitted by political parties, the Audit Service also obtains data from external sources: data on budget funds paid to political parties, data on the use of municipal premises and data on political party transaction accounts kept with the Central Bank of Bosnia and Herzegovina.

4.3. Authorized Person for Financial Reporting

The Political Party is obliged to appoint an authorized person responsible for conducting business books of political parties, submitting financial reports, and who is authorized to maintain contacts with the Central Election Commission of BiH.

The political party is obliged to notify the Central Election Commission of BiH on the appointment of such authorized person within 15 days of his appointment. In the event of any change to the status of such person, the party shall within 15 days notify the Central Election Commission of BiH of such change.

The authorized person signs all the reports and is responsible for keeping records on the reports, and at the request of the Central Election Commission of BiH, the authorized person is obliged to submit the reports for inspection.

In practice, some parties have a dilemma whether this person must be a political party employee, whether this person must exclusively be the only one who keeps business

books and prepares financial statements, and whether this person must be a certified accountant.

The Law on Financing does not prescribe the conditions for an authorized person, except that it prescribes that it is the authorized person responsible for conducting business books of a political party and submitting financial statements. The political party is obliged to regulate its accounting system and its financial reporting system by its internal acts.

if a political party offers the conduct of business books and the preparation of financial statements to another legal entity or entrepreneur by means of a contract, that legal entity may not be stated as authorized person in the report that is submitted to the Central Election Commission of BiH.

The party must appoint a natural person, who is responsible for conducting business books of the political party, submitting financial reports and is authorized to contact the Central Election Commission of BiH.


The amendments to the Law on Financing stipulate a sanction for the natural person who commits an offense.

In accordance with the aforementioned, the Central Election Commission of BiH, in May 2018, imposed monetary sanctions on persons authorized to submit financial reports of political parties.

Examples from practice - violation of the provisions of the Law on Financing, Article 12, paragraph (4) - *failing to submit financial statements.*

Example 1

The political party did not submit the annual financial report for 2016, thus violating the provisions of Article 12 of the Law on Financing. Due to the violation of the provisions of this article, the Central Election Commission of BiH imposed a fine on the political party and the person responsible for conducting business books, submitting financial reports and contacting the Central Election Commission of BiH.

<p>BOSNA I HERCEGOVINA CENTRALNA IZBORNA KOMISIJA SREDIŠNJE IZBORNO POVJERENSTVO</p>		<p>БОСНА И ХЕРЦЕГОВИНА ЦЕНТРАЛНА ИЗБОРНА КОМИСИЈА</p>
<p>Pursuant to Article 14 paragraph (2) of the Law on Financing (Official Gazette of BiH, No. 95/12 and 41/16), Article 193, paragraph (1) of the Law on Administrative Procedure (Official Gazette of BiH, No. 29/02, 12/04, 88/07, 93/09, 41/13, and 53/16) and Articles 18 and 22 of the Rules of Procedure of the Central Election Commission of BiH (Official Gazette of BiH, No. 50/07, 33/09, 24/13 and 32/14) in the proceedings of establishing a violation of the provisions of the Law on Financing by the Political Party -----, based in -----, represented by the President of the Party, the Central Election Commission of BiH at its 63rd session, held on 9 December 2015, adopted ex officio the following</p>		
<p>DECISION</p>		
<p>(1) It has been established that the political party ----, that is, ----- the person responsible for submitting financial statements, is responsible for violation of Article 12, paragraph (4) of the Law on Financing, since this political party did not submit the annual financial report/statement for 2016, and in accordance with Article 14, paragraph (2) of the Law on Financing, they are fined as follows:</p>		
<p>a) political party --- is fined in the amount of KM 1,000.00 (in words: one thousand convertible marks), and</p>		

b) person authorized to submit financial statements --- is fined in the amount of KM 200.00 (in word: two hundred convertible marks)

The fine referred to in paragraph (1) of this Decision shall be paid within eight days from the date of the validity of this decision on the account of the Ministry of Finance and Treasury of BiH.

Rationale

...

Based on this, undeniably established fact by the Central Election Commission of BiH that the political party, that is, ----- the person responsible for conducting business books, submitting financial reports and contacting the Central Election Commission of BiH, committed a violation of Article 12, paragraph (4) of the Law on Financing, because they did not submit the annual financial report/statement for 2016.

...

Niether the political party or the person responsible for conducting business books, submitting financial reports, and contacting the Central Election Commission of BiH have appealed the decision of the Central Election Commission of BiH.

5. Financial reporting

In accordance with Article 12 of the Law on Financing, political parties are obliged to submit their annual financial reports / statements every year in a form approved by the Central Election Commission of BiH. As stated on the previous pages, political parties are obliged to submit their annual financial reports/statements for every calendar year (accounting year) in electronic form through the FI CIK BIH application, and special financial reports (pre-election and post-election financial report).

5.1. Form and content of financial reports / statements

In accordance with Article 7 paragraph (2) of the Rulebook on Annual Financial Statements of Political Parties, the financial report at the party level shall be submitted on Forms 1, 1.1, 2, 2.1, 3, 3-f, 3-g, 4, 4.2. and 5, and as for the organizational parts of the party their reports are submitted on other forms referred to in Article 5 of this Rulebook, separately for each organizational part of the political party.

Article 5 stipulates that political parties submit financial statements on the following forms:

- 1) Form 1 (General Information on political party)
 - Form 1.1 (territorial structure of political party)
- 2) Form 2 (turnover overview of all transaction accounts of political party)
 - Form 2.1 (Cashier turnover overview)
- 3) Form 3 (Funding Sources of Political Party with Overview of Funding Sources per Organizational Parts of Party)
 - Form 3-a (Voluntary contributions of individuals above 100 KM)
 - Form 3-b (voluntary contributions of legal entities exceeding 100 KM)
 - Form 3-c (Revenue from property owned by political party)
 - Form 3-d (Profit of legal entities owned by a political party)

- Form 3 (Non-monetary donations and accounts that political party was not obliged to pay)
 - Form 3-f (Budget Revenues)
 - Form 3-g (Income from publishing, sale of propaganda materials and organization of party rallies)
- 4) Form 4 (Expenditures of political party with overview of expenses by organizational parts of party)
- Form 4.1. (Overhead, administrative, and other costs)
 - Form 4.2. (Propaganda costs)
- 5) Form 5 (Obligations of political party)

5.2. Electronic submission of financial statements through the FI CIK BiH Application

Access to FI CIK BiH Application

The access to the application is approved by the system administrator based on the request of the political party to access the application. The system administrator grants the political party a username and password, which, together with the link to access the application, delivers to the political party via e-mail.

A window will be opened on the link of the Central Election Commission of BiH to which the political party enters its username and password.

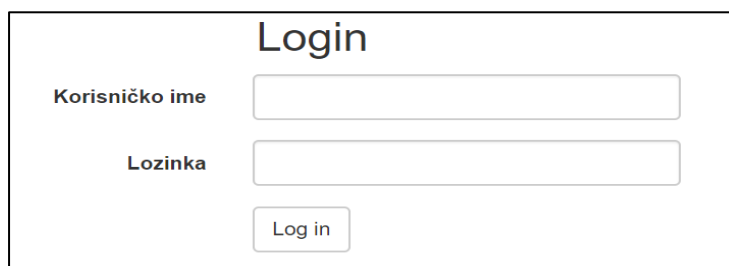


Figure 5 Access to FI CIK BiH Application

Data entry

After entering the user name and password, the political party from the menu should select the type of financial report and the language (Bosnian / Serbian / Croatian). The choice of language enables political parties to print and submit forms of the financial report to the Central Election Commission of BiH in one of the official languages in Bosnia and Herzegovina.

Figure 6 Selection of Financial Reporting Type

Entering data into financial report forms is done from the menu, which can be seen in the following picture.

Figure 7 Menu for entering data in financial statements

General information about the political party

In Form 1 (general data) data on the political party are entered. General information on the political party has been entered into the database. Political parties all existing headquarters, address, telephone number, number of employees, etc. may change, apart from the name of the political party and the code of the political party that has been awarded by the Central Election Commission of BiH. Only the administrator can change the name and code of the political party.

After changing the general information, the political party should define a list of organizational units. Each political party has its own unique organizational structure which is established by its statute or other act. The organizational structure is entered in Form 1.1.

Teritorijalna organizacija							
Novi unos PDF Zatvori							
Naziv organizacionog dijela	Adresa	Telefon	Faks	Naziv nivoa	Zatvoren		
Glavni odbor	ul.				<input type="checkbox"/>	Izmjena	Brisanje

Figure 8 Form 1.1. Organizational structure of political party

In the form, the party enters the name of the organizational unit, the address, telephone and fax, and may also select the name of the level (this information is not contained in Form 1.1).

Teritorijalna organizacija
Obrazac 1.1

Naziv organizacionog dijela

Adresa

Telefon

Faks

Naziv nivoa

Figure 9 Form for entering data in Form 1.1

After entering the organizational structure, the party starts preparing the list of its donors, natural and legal persons, and bank account lists, as a prerequisite for further data entry into the financial statement forms. Data on donors and bank accounts will be available to parties over a longer period of time and will not have to be re-entered each year.

For example, a natural person gave contribution to the political party in 2016, and the political party entered the donor data in the FI CIK BiH Application when submitting the annual financial report for 2016. If the same natural person gives a contribution to the political party in 2017, the party will not be obliged to re-enter the data on that person, but will choose this person when filling in the form 3-a from the menu.

Turnover overview of political party's money assets

Before entering data on turnover realized through transaction accounts, the political party, as already mentioned, enters the data on its transaction accounts in Form 2, in the settings that refer to **Bank Accounts**.

Figure 10 Entering bank account information

Figure 11 Form for entering bank account information

After entering transaction account information, the Data Fill in Form 2 is accessed to.

Naziv organizacion dijela	Bankovni račun	Ime banke	Stanje na dan 1. januar	Ukupan promet ulaza	Ukupan promet izlaza	Stanje na dan 31. decembar	Zatvoren

Figure 12 Entering data in Form 2

By selecting the New Entry option, the data entry field is displayed in Form 2. The Organizer Details, Transaction Account Number, and Bank Name are selected from the menu of accounts that are entered in the Settings. In the foreseen fields, the political party enters the data on the initial state, the input turnover and the output turnover. Balance on the final day, e.g. 31 December, or the last day of the postponed financial report is not entered. This amount is calculated on its own, which reduces the possibility of error.

In the form 2.1 (overview of the cash register balance), there are entered the data on turnover realized through the cashier's organizational parts of the political party. Data entry in Form 2.1 is identical to the data entry in Form 2.

Sources of funding

Data on all sources of political party financing are entered into the application through Form 3. Data on all sources of funding are entered in forms 3-a; 3-b; 3-c; 3-d; 3-e; 3-f and 3-g, as well as data on membership fees and other revenues by selecting the **New Entry** option.

Novi unos | PDF | PDF 3 prilog | PDF Svi (3a) | PDF Svi (3b) | PDF Svi (3c) | PDF Svi (3d) | PDF Svi (3e) | PDF Svi (3f) | PDF Svi (3g)

Naziv organizacionog dijela	Članarine	Prilozi fizičkih lica (3-a)	Prilozi pravnih lica (3-b)	Prihodi od imovine u vlasništvu političke stranke (3-c)	Dobit pravnih lica u vlasništvu političke stranke (3-d)	Nenovčane donacije i računi koje politička stranka nije imala obavezu platiti (3-e)	Prihodi iz budžeta (3-f)	Prihodi od izdavačke djelatnosti prodaje propagacijskog materijala i prihodi od organiziranja stranačkih manifesta (3-g)	Ostali prihodi i dr.	Ukupno	Zatvoreno

Nema podataka

Figure 13 Form 3 Sources of funding

For each organizational unit that has generated income from any source, it is necessary to enter data on collected membership fees and other revenues, which, at the same time, opens the fields for entering other types of income. In addition to the amount of other revenues generated and other benefits from the activities of entities that are in any way connected with a political party or are under its control, it is necessary to specify the type of other income in a descriptive manner. The description field for other revenue will be visible only in the excel table.

If the organizational unit of the political party "ABC" in the reporting period receives contributions from natural persons and revenues from the budget, and fails to generate income from membership fees and other income, the political party, for this organizational unit, is required to enter revenues from membership fees and other revenues in the amount of KM 0.00 in the form 3, thus creating the order for data entry of other types of revenue.

Naziv organizacionog dijela	Glavni odbor
Članarine	
Ostali prihodi i dr.	
Opisno za ostale prihode	
	Snimi

Figure 14 Form of data entry relating to membership fees and other income

Naziv organizacijske jedinice	Članarina	Prilozi fizičkih lica (3-a)	Prilozi pravnih lica (3-b)	Prihodi od imovine u vlasništvu političke stranke (3-c)	Dobit pravnih lica u vlasništvu političke stranke (3-d)	Nenovčane donacije i računi koje politička stranka nije imala obavezu platiti (3-e)	Prihodi iz budžeta (3-f)	Prihodi od izdavačke djelatnosti prodaje propagacijskih materijala i prihodi od organiziranja stranačkih manifestacija (3-g)	Ostali prihodi i dr.	Ukupno
Glavni odbor	0	0	0	0	0	0	0	0	0	0

Figure 15 Entering revenue data for the selected organizational unit of the political party

The data entry for other sources of financing is done by clicking on 0 below each source of funding and selecting the organizational unit of the political party.

Instead of creating the input fields, political parties tend to enter revenue data into the browser, which empty fields are visible immediately below the name of the funding source, that is, they fail to perform data entry into the application.

Data on total funding sources and overview of funding sources by organizational committees are generated on the basis of their input into separate forms thus forming Form 3 and Annex to Form 3.

Contributions by natural and legal persons

Prior to entering the data on contributions from natural and legal persons in Form 3-a (contributions by natural persons) and Form 3-b (contributions by legal persons), the political party enters data on all donors in the Settings, **Donors-Natural Persons and Donors-Legal Persons**.

Unos donatora

Unos donatora

Organizaciona jedinica stranke

Ime

Prezime

Detalji

Broj dokumenta

Figure 16 Entering donor data - natural persons

Figure 17 Entering donor data - legal persons

The selection of the organizational unit of the party is done from the menu (data are taken from form 1-1), and data on the name and surname of the natural person-donor is entered into the database, including other details and document number. Data on donor name and surname are mandatory fields, while in the remaining fields the party may enter other data (address, ID number, etc.). The data on the name of the legal entity, tax number and address of the legal entity is entered in the part referring to **Donors-Legal Entities**.

The entry of data into **Form 3-a** or **Form 3-b** is done by selecting the organizational unit of the political party at 0 below the name of the party's organizational committee.

Figure 18 Entering Data in Form 3

Figure 19 Form of data entry of natural persons' contributions

The first and last name or donor name is entered from the drop-down menu (data from the Settings), then the number of the certificate from Article 6 of the Rulebook, including the date when the contribution is given to the party and the contribution amount.

In practice, it happens that the political party enters in the form the Account Activity Statement number, the number of cashier's billing order or the number of receipt. None of these numbers is the number that is to be entered in the contribution form. In the form of contributions of natural and legal persons, there is entered the number of the certificate that the authorized person in the political party issued to each donor, the content of which is prescribed by Article 6 of the Rulebook.

In the case of contributions from natural and legal persons, the political party is obliged to provide data on each donor individually, if the total amount of all monetary contributions of the same person is greater than KM 100.00. It is obligatory to provide data from which the identity of the donor may be clearly identified, name and surname / name of the legal entity, confirmation number of the received contribution, the date on which the contribution was received and the amount of the contribution.

Contributions which amount during a calendar year is less than KM 100.00 are presented collectively in the report. If the same donor gives contributions to the political party on several occasions in the course of one year in amounts less than KM 100.00, the party is obliged to collect all these contributions and if their total amount exceeds KM 100.00, to indicate in the form the donor information and the total the amount of contributions.

Form 3-c (Income from property owned by political party)

In Form 3-c, Income from property owned by political party, the following information is entered:

- a) name of the party's organizational unit;
- b) type of property on the basis of which revenues are generated;
- c) beneficiary of political party's property;
- d) number of contracts, decisions, procedural decisions, etc.;
- e) amount of income realized.

Prihodi od imovine u vlasništvu političke stranke (Obrazac 3-c)

Naziv političke stranke: POLITIČKI SUBJEKT
 Organizacioni dio političke stranke: Glavni odbor
[Novi unos](#) | [PDF](#) | [PDF Svi \(3-c\)](#)

Vrsta imovine na osnovu koje se ostvaruju prihodi	Korisnik imovine političke stranke	Broj ugovora, odluke, rješenja itd.*	Iznos ostvarenog prihoda

Nema podataka

⏪ ⏩

0 od 0 stranica (Broj zapisa: 0)

*Centralna izborna komisija BiH može zatražiti da politička stranka dostavi kopije ovih dokumenata

Figure 20 Entering Data in Form 3-c

The political parties usually enter revenues generated from renting their property and interest income in Form 3-c.

In practice, parties in this form also enter revenue data on the sale of their property in the amount of the sale price. This is wrong for two reasons. The first is that the gain on the

sale of the property is usually not the same as the price at which the property is sold and the other is that the gain on the sale of the property is not the same as the proceeds from the property.

By controlling the reported data in the financial statements, it was found that political parties do not keep proper records of basic assets (mostly real estate and cars) and have no data on the carrying value of each asset individually. Also, when clearing assets from a business book, instead of recording the difference between book value and sales value as a gain or loss on sale, accountants in political parties tend to record selling value of the property as income.

Form 3-d (Profit of legal entities owned by political party)

In Form 3, Profit from Legal Entities owned by political party, the following information is entered:

- a) name of the legal entity;
- b) identification number obtained from the competent tax authority;
- c) code and activity name of the legal entity;
- d) share of the political party in ownership (%);
- e) amount of profit transferred to the political party;
- f) date of transfer of profit.

Form 3 (Non-monetary donations and accounts that the political party was not obliged to pay)

In Form 3, data on non-monetary donations are entered, such as free use of business premises, accounts that the party is not obliged to pay, income on written-off obligations, etc.

Nenovčane donacije i računi koje politička stranka nije imala obavezu platiti (Obrazac 3-e)

Naziv političke stranke:
Organizacioni dio političke stranke:
[Novi unos](#) | [PDF](#) | [PDF Svi \(3-e\)](#)

Ime i prezime/Naziv donatora	Vrsta poklona ili usluge	Datum primljenog poklona ili usluge	Vrijednost koju politička stranka nije imala obavezu platiti	Ukupna vrijednost poklona ili usluge

Nema podataka

[Povratak na listu](#)

Figure 21 Entering Data in Form 3-e

The Form 3-e will include the following data:

- a) name of the political party's organization unit;
- b) name and surname / name of the donor;
- c) type of gift or service;
- d) date of receipt of the gift or service;
- e) total value of gift or service;
- f) value that the political party was not obliged to pay.

Form 3-f (budget revenues)

When it comes to budget revenues, political parties enter this type of revenue into form 3-f and this is individually for each organizational unit of the political party.

Authority level names are entered in the application so that the political party may choose their name from the drop-down menu.

Novi unos
Prihodi iz budžeta (3-f)
Naziv političke stranke: POLITIČKI SUBJEKT
Organizacioni dio političke stranke: Glavni odbor

Ukupan iznos prihoda

Nivo vlasti

Broj i datum odluke

Figure 22 Form for entering budget revenue data

Form 3-g (income from publishing, sales of propaganda materials and income from organizing party events)

In Form 3-g shall be entered data on income from publishing activities, sale of propaganda material and organization of party events, separately for each organizational unit.

Novi unos
Prihodi od izdavačke djelatnosti, prodaje propagandnog materijala i prihodi od organiziranja stranačkih manifestacija (3-g)
Naziv političke stranke: POLITIČKI SUBJEKT
Organizacioni dio političke stranke: Glavni odbor

Prihodi od izdavačke djelatnosti

Prihodi od prodaje propagandnog materijala

Prihodi od organiziranja stranačkih manifestacija

Figure 23 Form for entering data in Form 3-g

Form 4 (political party's expenditures)

Data on political party's expenditures are entered by choosing the option Form 4.

Rashodi političke stranke				
Naziv političke stranke: POLITIČKI SUBJEKT				
Novi unos PDF 4 PDF 4 prilog PDF Svi (4-1)				
Naziv organizacionog dijela	Režijsko-administrativni i ostali troškovi	Troškovi propagande	Ukupno	Zatvoren
Nema podataka				

Figure 24 Form 4 Political party's expenditures

Data on all political party expenditures are entered into forms 4.1 and 4.2, individually for each organizational unit of the political party. On the basis of data entered in individual forms 4.1 and 4.2, there are created Form 4 and Attachment to Form 4, which contain data on total expenditures and an overview of expenditures by organizational units of the political party.

First of all, it is necessary to create the Form 4 for each organizational unit.

Kreiranje obrasca 4 za organizacioni dio	
Naziv organizacionog dijela	<input type="text" value="Glavni odbor"/>
	<input type="button" value="Snimi"/>

Figure 25 Creation of Form 4

Once the forms are created for all organizational units, the entry of cost data into individual forms 4.1 and 4.2 are carried out.

Overhead, administrative and other expenses

In accordance with Article 21 of the Rulebook on Annual Financial Statements of Political Parties, in Form 4.1, Overhead, Administrative and other costs, the following data are entered:

- name of the political party's organizational unit;
- type of cost;
- account;
- amount.

Figure 26 Entering Data into Form 4

Political parties enter data on overhead, administrative and other costs into forms 4.1, separately for each organizational unit. By choosing the form and the political party's organizational unit, the form 4.1 is opened for data entry, as can be seen in the following picture.

Figure 27 Form 4-1 Overhead-administrative and other costs

Entering data in Form 4.1 is done by selecting the New Entry option. When entering data, the political party chooses the type of cost from the drop down menu, and enters data on the number of accounts from its business books (according to the chart of accounts) and the amount of the cost incurred in the reporting period.

Figure 28 Form for entering data on costs

Figure 29 Entering Costs - Selecting Cost Types

Propaganda expenses

Article 23 of the Rulebook on the annual financial reports of political parties stipulates that the following data shall be entered in Form 4.2, Propaganda Expenses:

- a) name of the political party's organizational unit;
- b) types of costs, such as: cost of printing posters, bill postage costs, printing costs of pre-election advertisements, announcements, declarations, etc. in public gazettes, costs of organizing and maintaining pre-election rallies, costs of printing, reproduction and sending electoral material to voters and other propaganda costs;
- c) amount.

In accordance with the above provision, the fields for entering information about the costs of the election campaign have been created. Here it is necessary to emphasize that the data on the costs of the election campaign are entered exclusively in the form 4.2, while the data on regular advertising expenses or the costs of organizing the assembly and other bodies of political parties are entered in the form 4.1.

Figure 30 Form for entering data on election campaign costs

Obligations / Commitments of political party

Data on all political party obligations is entered in Forms 5.1 and 5.2, individually for each political party's organizational unit, while the data on overall obligations of the political party is generated on the basis of the data entered in individual forms.

As with expenditures, it is necessary to create separate Form 5 for each organizational unit.



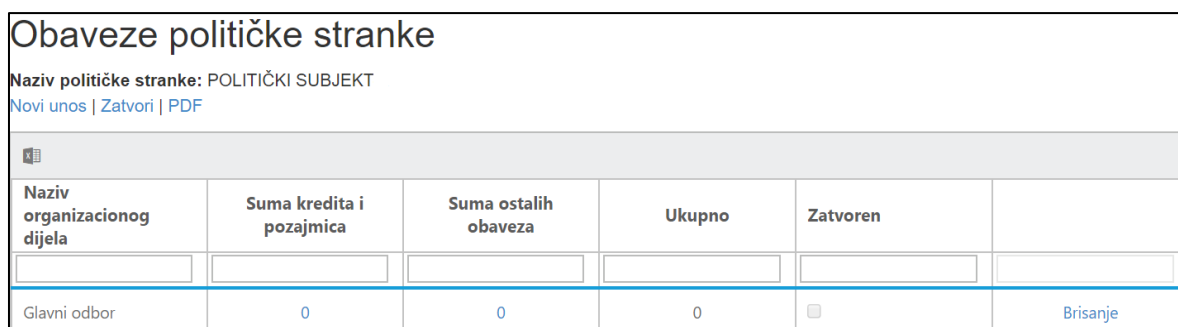
Kreiranje obrasca 5 za organizacioni dio

Naziv organizacionog dijela: SREDIŠNJI UREDI

Snimi

[Povratak na listu](#)

Figure 31 Creating Form 5



Obaveze političke stranke

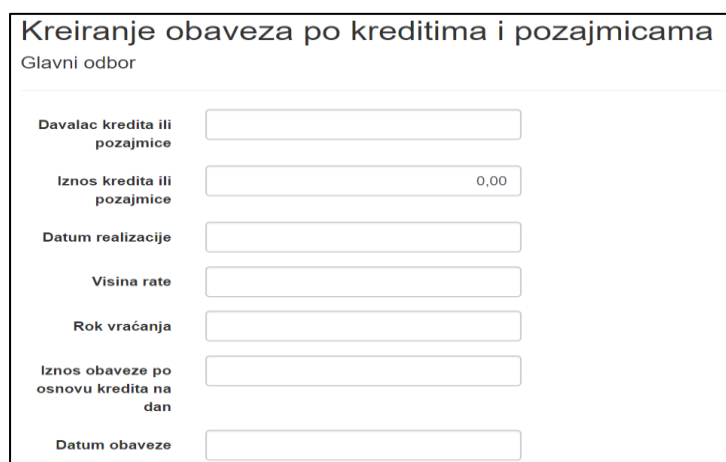
Naziv političke stranke: POLITIČKI SUBJEKT

[Novi unos](#) | [Zatvori](#) | [PDF](#)

Naziv organizacionog dijela	Suma kredita i pozajmica	Suma ostalih obaveza	Ukupno	Zatvoren	
Glavni odbor	0	0	0	<input type="checkbox"/>	Brisanje

Figure 32 Form 5 Political Party Commitments

In Form 5.1 (commitments on loans and borrowings) are entered political party's obligations / commitments on loans and borrowings, such as: name of the political party's organizational unit; name of the creditor or borrower; amount of loan or borrowing; date of realization of the loan or borrowing; installment rate; repayment period of the loan or borrowing, and the amount of loan or borrowing commitment as at particular day.



Kreiranje obaveza po kreditima i pozajmicama

Glavni odbor

Davalac kredita ili pozajmice:

Iznos kredita ili pozajmice:

Datum realizacije:

Visina rate:

Rok vraćanja:

Iznos obaveze po osnovu kredita na dan:

Datum obaveze:

Figure 33 Form for entering commitments/obligations

Therefore, three dates are entered into the form, the date of realization, the repayment period of the loan and the date of commitment / obligation as at certain day. In the annual financial reports for 2016, it was noted that in Form 5.1 some political parties, as the date of commitment as at certain date, entered the date of filing the financial report, which is incorrect. It is therefore important to note that when filling in the data in the forms of commitment, the date of completion of the reporting period should be entered in the "date of commitment" field. For example, if the political party submits its annual financial report covering the period from 1 January-31 December, the party in the form should enter its commitments / obligations as of 31 December.

Kreiranje obaveza po kreditima i pozajmicama

Davalac kredita ili pozajmice: XY dd

Iznos kredita ili pozajmice: 20000,00

Datum realizacije: 20.10.2016

Visina rate: 2000,00

Rok vraćanja: 20.08.2017

Iznos obaveze po osnovu kredita na dan: 10000,00

Datum obaveze: 31.12.2016

Snimi

Figure 34 Example of entering commitments in Form 5.1

The Form 5.2. Other Commitments/Obligations also includes entering data on commitments / obligations of the political party on the following basis: outstanding liabilities towards suppliers (natural and legal persons), liabilities arising from wages and salaries, taxes, contributions and other.

Ostale obaveze - kreiranje
SREDIŠNJI UREDI

Povjerilac/obaveza: []

Datum nastanka obaveze: 20.10.2016

Iznos obaveze na dan: 0,00

Dan obaveze: 31.12.2016

Povratak na listu

December 2016						
Su	Mo	Tu	We	Th	Fr	Sa
					1	2
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

Figure 35 Form for entering commitments / obligation in Form 5.2

Submitting financial statements

The political party can modify existing entries by selecting **Edit** or **Delete** data by selecting Delete option, which are available on all forms.

Having entered the data in the forms of financial report, the political party can review all forms and conclude all forms by selecting the Close option located above forms 1-1, 2, 2-1, 3, 4 and 5. The political party, after closing the forms, can make no further entries or corrections of the already entered data.

When all the forms entered are closed, the party in Form 1 selects the **Submit** option, after which the financial report is submitted to the Central Election Commission of BiH. Then, the political party should, all forms of the financial report and the confirmation of the submitted report, print and submit to the Central Election Commission of BiH.

The confirmation / certificate on the submitted report contains the following data: political party name; party code assigned by the Central Election Commission of BiH; type of report; reporting period; name and surname of the person who entered the data into the financial report and the date of submission of the report.

BOSNA I HERCEGOVINA CENTRALNA IZBORNA KOMISIJA SREDIŠNJE IZBORNO POVJERENSTVO		БОСНА И ХЕРЦЕГОВИНА ЦЕНТРАЛНА ИЗБОРНА КОМИСИЈА СРЕДНЈА ИЗБОРНО ПОВЈЕРЕНСТВО	
Potvrda o podnesenom izvještaju			
Naziv političke stranke/Ime i prezime nezavisnog kandidata:			
Kod političke stranke/nezavisnog kandidata:			
Vrsta izvještaja (godišnji, predizborni, postizborni):	Godisnji 2017		
Izveštajni period:	Godisnji 2017		
Ime i prezime lica koje je unijelo podatke u finansijski izvještaj:			
Datum podnošenja izvještaja:	28.03.2018		

Figure 36 Certificate of submitted report

Correction of annual financial report forms

Given that in accordance with Article 14, paragraph (3) of the Law on Financing, political parties can voluntarily eliminate the identified irregularities, there is a possibility left for correcting the forms of financial reports/statements. In order to correct data in forms, the political party submits a written request for correction to the Audit Service staff. The opening of the forms of financial statements for corrections is carried out by the Administrator.

5.3. Submitting financial statements of independent candidates

Independent candidates participating in the elections in Bosnia and Herzegovina are obliged to submit pre-election and post-election financial reports within the deadlines prescribed in Article 15.1 paragraph (1) of the Law on Election of BiH. These reports are submitted in hard copy, and the accuracy and completeness of the data in each form is confirmed by an independent candidate or other person authorized by him.

The content and form of financial statements are prescribed by the Rulebook on pre-election and post-election financial statements of independent candidates.

Article 5 of this Rulebook stipulates that political parties submit financial statements on the following forms:

- a) Independent candidate data (Form N1)
- b) Overview of cash flow turnover
 - 1) Overview of current account turnover of the independent candidate (Form N2)
 - 2) Overview of cashier's turnover (Form N2.1.)
- c) Funding sources of the independent candidate (Form N3)
 - 1) voluntary contributions of individuals over 100 KM (Form N3-a)
 - 2) voluntary contributions of legal entities exceeding KM 100 (Form N3-b)
 - 3) non-monetary donations and accounts that the candidate was not obliged to pay (Form N3-c)
 - 4) budget revenues (Form N3-d)
 - 5) Income from the sale of propaganda material and income from the organization of events (Form N3-e)
- d) Expenditures of the Independent Candidate (Form N4)
 - 1) overhead-administrative and other costs (Form N4.1.)
 - 2) propaganda costs (Form N4.2.)
- e) Obligations / commitments of the Independent Candidate (Form N5)

ANNEXES

LAW ON POLITICAL PARTY FINANCING¹⁷

Unofficial consolidated text

Article 1 (Objective of the Law)

This law shall regulate the methods and conditions under which political parties and members of political parties acting on behalf of the party obtain their funds for operation.

Article 2 (Definition of political parties)

For the purpose of this Law, political parties shall be considered organizations into which citizens are freely and voluntarily organized to participate at the elections, and which are registered according to the law with the relevant court in either entity aimed at expression of political activities and actualization of political aims.

Article 3 (Sources of funding)

(1) A political party may obtain funds from the following sources:

- a) Membership fee;
- b) Voluntary contributions from legal entities and natural persons;
- c) Publishing activities, selling propaganda material and organizing party events;
- d) Incomes generated by property owned by political party;
- e) The budget of Bosnia and Herzegovina in accordance with the Article 7 of this Law, entities' budgets, cantonal budgets and the budget of Brčko District of BiH, and from budget of other units of local government and self-government in accordance with the law;
- f) Profit from the enterprise owned by the political party,

(2) Enterprise referred to in paragraph (1), point f) of this Article may only carry out culture-related or publishing activities.

(3) Annual income of the party referred to in paragraph (1), points d) and f) of this Article may not exceed 20% of the amount of the total annual incomes of the party.

Article 4 (Use of the funds)

(1) Funds referred to in Article 3, paragraph (1) of this law shall be exclusively used by a political party to actualize the aims set by its program and statute.

(2) A party shall donate any incomes referred to in Article 3, paragraph (1), points d) and f) exceeding 20% to one or more charitable organizations, which are registered in Bosnia and Herzegovina for charitable work, within 30 days of submitting its financial report in line with Article 11.

Article 5 (Membership fee and contributions)

(1) For the purpose of this Law, membership fee shall only be regular amount paid by a member of a political party in the manner and under conditions set by its Statute or any other act.

(2) For the purpose of this Law, a contribution made to the political party shall be occasional or regular payments by which natural persons or legal entities give money to a political party in the amount higher than membership fee, as well as providing services and giving products to a political party free of charge.

(3) Legal entities or natural persons that provide a voluntary contribution in the form of product or service to a political party must issue an invoice to the party, which will indicate market value of donated product or provided service, and which will be issued to the name of political party indicating that it is not subject to the payment.

(4) Political parties shall be obligated to keep a record on paid membership fees and contributions, as well as to issue receipt on received membership fees and contributions. An authorized person in a political party shall directly deposit received membership fees and contributions to the transaction account of the political party no later than 10 days following the receipt of the payment.

(5) Services referred to in paragraph (2) of this Article shall not mean voluntary work of party's volunteers..

Article 6 (Reporting threshold)

(1) Natural persons and legal entities may give contributions to political parties once or several times in a calendar year.

¹⁷ The Law on Political Party Financing ("Official Gazette of BiH", number 95/12) entered into force on 5 December 2012. With the entry into force of this Law, the Law on Financing of Political Parties ("Official Gazette of BiH", Nos. 22/00, 102/09 and 54/10) was superseded. The Law on Amendments to the Law on Financing of Political Parties ("Official

Gazette of BiH", No. 41/16) entered into force on 11 June 2016. The Central Election Commission of BiH has made an unofficial, consolidated text of the Law on Political Party Financing, which is used for internal use only, and may not be invoked for official use.

(2) The voluntary contributions shall be paid to the transaction account of the political party's headquarters.

(3) The total amount of contributions made by a natural person to a political party shall not exceed the amount of KM 10,000.00 (ten thousand convertible marks) in a calendar year.

(4) The total amount of contributions made by a legal entity to a political party shall not exceed the amount of KM 50,000.00 KM (fifty thousand convertible marks) in a calendar year.

(5) The total amount paid to the political party by a member of the political party during one calendar year shall not exceed the amount of KM 15,000.00 KM (fifteen thousand convertible marks), membership fees included.

Article 7 (Appropriations / Allocations from the state budget)

(1) The budget of institutions of Bosnia and Herzegovina and international obligations of Bosnia and Herzegovina (hereinafter: the budget) ensures the funds for political party financing, namely for financing coalitions of political parties and independent candidates represented in the Parliamentary Assembly of BiH and parliamentary groups, namely the delegates' and representatives' clubs in the Parliamentary Assembly of BiH.

(2) The total funds referred to in paragraph (1) of this Article cannot exceed the amount of 0,2% of the BiH budget in a calendar year.

(3) The funds from the budget are allocated to political parties, namely to the coalitions of political parties in the manner that:

- a) 30% of the total amount of funds is equally distributed to all political parties, namely the coalitions of political parties that won the mandate,
- b) 60% of the total amount is distributed equivalent to the number of delegates' mandates that each political party, coalition of political parties, and/or independent candidate hold at the time of allocation,
- c) 10% of the total amount is distributed to parliamentary groups proportional to the number of seats belonging to less represented gender.

(4) The members of a coalition of political parties shall participate in distribution of the funds referred to in paragraph 3 of this Article pursuant to an Agreement for distribution of funds, deposited with the Central Election Commission of BiH, and if such an agreement does not exist, the funds are allocated among the coalition's members according to the number of mandates won.

(5) Parliamentary groups, namely clubs of delegates and envoys and independent candidates in Parliamentary Assembly of Bosnia and Herzegovina participate in the distribution of funds referred to in

paragraph (3) of this Article, according to the number of mandates in the both houses of the Parliamentary Assembly of BiH.

(6) The joint commission for administrative tasks of the Parliamentary Assembly of Bosnia and Herzegovina shall in their regulations devise a detailed method for allocation of these funds, control of expenditures and other financial issues related to implementation of this law.

Article 8 (Prohibited contributions)

- (1) Financing political parties shall be prohibited to:
 - a) state, entity and cantonal bodies, bodies of Brcko District of BiH, and city and municipal bodies,
 - b) Public institutions,
 - c) Public enterprises,
 - d) Humanitarian organizations,
 - e) Anonymous donators,
 - f) Religious communities,
 - g) Labor unions, associations and other non-profit organizations, which are financed by public funds regardless of the amount,
 - h) Legal entities in which invested capital amounts at least 25%,
 - i) Other states, foreign parties and foreign legal entities.

(2) The prohibition referred to in paragraph (1), point a) of this article shall not relate to use of business premises, which are used by political parties pursuant to the decision of a competent body.

(3) Exceptionally, financing prohibition referred to paragraph (1), point i) of this Article does not refer to financing educational programs, aimed at developing and promoting democratic principles.

(4) Private enterprises that concluded contract on public procurement of services, contract on public procurement of goods or public procurement of work with the bodies of executive authorities at all levels in BiH in accordance with the regulations on public procurement in BiH, cannot financially support political parties if the value of the contract in one calendar year exceeds the amount of KM 10,000.00 (ten thousand convertible marks).

(5) Political parties may not obtain any income from property that is not owned by them.

(6) It is prohibited to give contributions in cash or in form of products through third persons (by a proxy).

(7) Likely contributions paid from sources prohibited in paragraph (1) and (6) of this Article to the account of a political party, as well as contributions exceeding the amount set in Article 6 of this Article, and possible payments of contributions by anonymous sources, shall be paid to the BiH budget by the political party, no later than eight days following receipt of such contributions.

**Article 9
(Prohibited activities)**

(1) Any political pressure to natural persons and legal entities regarding contributions to political parties is prohibited.

(2) It is prohibited to finance political parties by getting a bank loan.

**Article 10
(Financial control of political parties)**

(1) The Central Election Commission of Bosnia and Herzegovina shall establish an office for audit of political parties' financial reports (hereinafter: the Audit Office) responsible for conducting examination and control of the financial reports submitted by the political parties and auditing political parties' financing in accordance with this law.

(2) The audit of political parties' financial reports shall include the reports from the party's headquarters and at least two lower organizational units selected by the Audit Office.

(3) If there are no objections after the party receives the preliminary written audit report, the auditor shall issue a final report with auditor's opinion on whether the political party was financed in accordance with this law.

(4) If the political party filed a complaint to the preliminary audit report, the auditor shall be obligated to consider the allegations in the complaint. If the complaints by political party are argumentative, and the party submits new evidence that were not presented to the auditor during the audit and refer to violations of this law, the auditor shall, based on these evidences, correct the previous finding and issue final report with the auditor's opinion.

(5) If the political party based on the findings and recommendations given in the preliminary report voluntarily removes shortcomings that can be corrected and within given deadline submits to the auditor the evidence thereof, the auditor shall not list the violations, corrected by the party, in the final report.

(6) The final report shall contain the names of all organizational units of the parties that were subject of the audit.

(7) The Central Election Commission of BiH shall ensure public access to the audit reports of political parties, along with the audit's findings and auditor's opinion. The final audit reports with the auditor's opinion, after being submitted to the political parties, shall be published on the web page of the BiH Central Election Commission, and the opinions shall be also published in "the Official Gazette of BiH".

(8) The Audit Office shall be granted access to the party's premises, if it founds necessary to conduct a detailed financial investigation in order to ensure

validity of the accounting report. If the access to the party's premises is denied, it shall be deemed that the party in question failed to submit a financial report and the BiH Central Election Commission shall withhold the party's right to stand for the next election.

**Article 11
(Obligation to keep financial records)**

(1) A political party shall be obligated to keep financial records and submit financial reports in the manner set by the law and other regulations in accordance with the law.

(2) A political party is obliged, through its internal acts, to regulate the system of internal financial control over its lower organizational units in order to prevent misidentification of revenues and expenditures, and misuse of funds.

**Article 12
(Obligation to render a public statement of account)**

(1) Political parties shall maintain the records of their revenues and expenditures. A political party shall be obliged to file with the Central Election Commission of Bosnia and Herzegovina a financial report for each calendar year (accounting year).

(2) A political party is obliged to include in its financial report all benefits derived from activities of the entities that are in any way connected with or under the control of the political party.

(3) A political party shall submit a special financial report for the period of election campaign in the manner set by the Election Law of Bosnia and Herzegovina.

(4) Political parties shall submit by 31 March of the following year a financial report in a format approved by the Central Election Commission of Bosnia and Herzegovina. Such report shall contain the same information as determined in the Election Law. The Central Election Commission of Bosnia and Herzegovina shall issue Regulations in order to implement the provisions whereby it shall specify in detail the content, form, manner and other details of reporting.

(5) All persons who are required to file reports must also file such additional reports as the Central Election Commission of Bosnia and Herzegovina may require.

(6) The Central Election Commission shall have full authority to implement and enforce the provisions of this article in the same manner as provided for by the Election Law of Bosnia and Herzegovina.

**Article 13
(Appointment of authorized person in political party / political party agent)**

(1) The political party shall have the obligation to appoint a competent person who shall be in charge for business record-keeping for political parties, filing

financial reports, and who shall be authorized to receive communications from the Central Election Commission of Bosnia and Herzegovina.

- (2) Those who file reports shall inform the Central Election Commission of Bosnia and Herzegovina about appointing the competent person referred to in paragraph 1 of this article within fifteen (15) days of his or her appointment, and must file the amendments within fifteen (15) days, of any changes to his or her status.
- (3) The competent person shall sign each such report and shall be responsible for keeping records that support the reports, and must make such reports available upon request of the Central Election Commission of Bosnia and Herzegovina. The political parties shall keep their complete financial reports for at least last six years after filing.
- (4) The political parties shall keep their financial reports at least six years following submission.
- (5) The Central Election Commission of Bosnia and Herzegovina shall make all reports available to the public, and shall take appropriate actions to ensure that all citizens have easy access to information contained within the reports.
- (6) Political party shall publicly disclose the origin and manner of spending the funds collected during the previous calendar year (accounting year). The final account and the financial report detailing the sources of income, data on natural and legal persons that provided voluntary contributions and data on the purpose or activities for which the funds are spent are public documents and are published on the web-page of the political party.

Article 14
(Competence of the Central Election Commission of Bosnia and Herzegovina)

- (1) The Central Election Commission of Bosnia and Herzegovina shall have the authority to investigate instances of non-compliance with the provisions of this Law, and may order certain individuals to answer written questions, in order to provide documentary and other evidence, and to provide testimony of witnesses in connection with any investigation that the Central Election Commission of Bosnia and Herzegovina may initiate. The Central Election Commission of Bosnia and Herzegovina may initiate investigation or take appropriate implementing actions, on its own initiative or in response to a complaint filed by a person.
- (2) The Central Election Commission of Bosnia and Herzegovina shall have jurisdiction with respect to enforcing provisions of this Law, and shall have power to make determinations as to whether a political party or any other person has violated provisions of this Law, and it shall have power to impose sanctions against any political party for non-compliance with the mentioned provisions, or to take appropriate administrative action within its general authority as provided by law.

- (3) Before imposing a civil penalty or taking administrative action, the Central Election Commission of Bosnia and Herzegovina⁴³ shall seek to achieve that the political party found to have violated the provisions of this Law removes voluntarily the observed deficiencies, insofar as they are removable.
- (4) The Central Election Commission of Bosnia and Herzegovina is obliged to report any suspicion of a criminal offense that may be connected with the financing of political parties and the financing of the election campaign to the competent prosecutor's office and other bodies in charge of the implementation of the law.

Article 15
(Role of the Central Election Commission of Bosnia and Herzegovina)

- (1) The Audit Office shall inform the Central Election Commission of Bosnia and Herzegovina about all irregularities and violations of the provisions of this Law.
- (2) If a political party fails to act in compliance with the provisions of this Law, the Central Election Commission shall have the authority to impose the financial penalties in accordance with this Law and the Election Law of Bosnia and Herzegovina.

Article 16
(Role of Appeal Council)

The Appeal Council shall be competent to hear appeals from a decision of the Central Election Commission of Bosnia and Herzegovina. The Appeal Council shall have the authority to impose the financial penalties in accordance with the Election Law of Bosnia and Herzegovina.

Article 17
(Obligation to report to the Parliament)

The Central Election Commission shall have to report on the reviewed statements of account to the Parliamentary Assembly of Bosnia and Herzegovina each year. The report shall be circulated as a Parliamentary printed-paper.

Article 18
(Independent candidates)

The provisions of this Law referring to contributions, prohibition of financing and favoring, and monitoring and financial transactions shall be appropriately applied to lists of independent candidates and independent candidates.

Article 19
(Financial penalties for political parties' violations)

- (1) A financial penalty in the amount from 500,00 KM (five hundred convertible marks) to 5.000,00 KM (five

thousand convertible marks) shall be pronounced for the violation to:

- a) a political party that used the funds contrary to the provision of Article 4, paragraph (1) and (2) of this Law,
 - b) a political parties that failed to keep records on received membership fees and contributions and that failed to issue a receipt on received fees and contributions in accordance with provision of Article 5, paragraph (4) of this Article,
 - c) a political party that is financed by obtaining a loan from banks,
 - d) provide funds from sources other than those prescribed in Article 3 of this Law,
 - e) violates the provisions of Article 9 of this Law,
 - f) does not keep records of its income and expenses in accordance with regulations,
 - g) fails to submit the prescribed financial statements in accordance with the Election Law of Bosnia and Herzegovina (Article 12 paragraph (3))
 - h) fails to submit a financial report in accordance with this Law (Article 12 paragraph (4))
 - i) does not submit additional financial statements (Article 12, paragraph (5)),
 - j) fails to appoint an authorized person who is responsible for submitting reports and is authorized to contact the Central Election Commission of Bosnia and Herzegovina (Article 13)
 - k) fails to notify the Central Election Commission of Bosnia and Herzegovina within fifteen days from the appointment of an authorized person or any change in the status of an authorized person.
- (2) A natural person who commits an offense shall be fined in the amount ranging from KM 200,00 (two hundred convertible marks) up to KM 2.000 (two

thousand convertible marks) for the offense referred to in paragraph (1) of this Article

Article 20
(Financial penalties of violations up to triple amount)

- (1) A financial penalty up to triple amount of received funds shall be pronounced for a violation to:
- a) a political party that received the funds in the amount exceeding set annual income in Article 3, paragraph (3) or exceeding the highest set amount of contributions in Article 6 or received in a manner prohibited by Article 8 of this Law,
 - b) a political party, list of independent candidates and a candidate failing to report and to pay to the state budget the amount of contributions exceeding the amount set in Article 6 of this Law, as well as likely payments of contributions by anonymous sources, in accordance with Article 8, paragraph (7) of this Law,
 - c) a political party, list of independent candidates and a candidate failing to report payment received from prohibited sources and failing to transfer received funds to the state budget, in accordance with article 8, paragraph (7) of this Law.
- (2) A natural person who commits an offense shall be fined in the amount ranging from KM 200,00 (two hundred convertible marks) up to KM 2.000 (two thousand convertible marks) for the offense referred to in paragraph (1) of this Article

Article 21
(Repeal)

The Law on political party financing ("Official Gazette of BiH", no. 22/00, 102/09 and 54/10) shall be repealed by entry into force of this Law.

**LAW
ON POLITICAL PARTY FINANCING FROM THE
BUDGET OF THE REPUBLIC, CTY AND
MUNICIPALITY ¹⁸**

Article 1

This law regulates the conditions, the amount, the manner of securing and allocation of financial resources from the budget of Republika Srpska (hereinafter: the Republic) and the budget of the city and municipality (hereinafter: the local self-government unit) for financing regular work and covering part of the costs of the election campaign of political parties, coalitions, independent deputies and councilors and the work of parliamentary, delegate, or councilor clubs and groups.

Article 2.

The right to financial resources in accordance with this law is entitled to:

- a) political parties and coalitions with deputies, or councilors in the assembly,
- b) independent deputies and independent councilors, who have been elected as independent candidates,
- c) political parties, lists of independent candidates and independent candidates with confirmed electoral lists, and
- d) registered coalition with a certified single candidate list.

Article 3

Financial assets acquired in accordance with this law, are used to:

- a) financing part of the cost of regular work of a political party, a coalition, an independent deputy, or a councilor,
- b) covers part of the cost of the electoral campaign of political parties, coalitions, independent lists and independent candidates, which have been confirmed on electoral lists for the election of the delegates councilors, and
- c) cover part of the costs of work of parliamentary, delegate, or councilor clubs and groups.

Article 4

Financial resources for financing the costs referred to in Article 3 of this Law, within the scope of the Republic, shall be provided in the budget of the Republic, and within the scope of the local self-government units in their budgets.

Article 5

(1) The budget shall provide financial resources for the purposes defined in Article 3, item a) of this Law, in the amount of not less than 0,2% of the total budget revenues of the previous year budget.

(2) The funds referred to in paragraph 1 of this Article shall be allocated in the following manner:

- a) 20% shall be distributed in equal amounts to political parties and coalitions with Members of Parliament, that is, councilors in the Assembly and independent deputies or councilors i
- b) 80% is allocated in proportion to the number of mandates won, which a political party, coalition, an independent deputy, or councilor, has in the assembly.

Article 6

If a member of parliament or a councilor leaves the political party in the course of his mandate, the funds are retained by the political party to which he belonged until then as member of the parliament or a councilor.

Article 7

(1) The Ministry of Finance, or the competent service of the local self-government unit, transfers funds from Article 5, paragraph 2 of this Law to political parties, coalitions, independent deputies or councilors, by the 10th of the month for the previous month.

(2) Independent Members of Parliament, or councilors, are obliged to open a special account for the regular financing of their activities.

Article 8

The costs of the election campaign are as follows:

- a) cost of printing posters and billboarding,
- b) costs of printing pre-election advertisements, declarations, press releases and the like in public media,
- c) costs of organizing and conducting pre-election meetings,
- d) costs of printing, reproduction and sending of pre-election materials to voters, and
- e) others with these related activities, in the period from the day of the call to the day of the election.

Article 9

(1) The funds for the election campaign shall be provided in the budget for the year in which the

¹⁸ Zakon o finansiranju iz budžeta Republike, grada i opštine („Službeni glasnik RS”, broj 65/08) donesen je 04. 07. 2008. godine. Stupanjem na snagu ovog Zakona stavljen je van snage Zakon o finansiranju

političkih stranaka iz budžeta Republike, grada i opštine („Službeni glasnik RS”, broj: 17/00 i 62/04)

elections are held in the amount of not less than 0.05% of the total budget revenues from the previous year.

(2) The Ministry of Finance, or the competent department of the local self-government unit, shall be obliged to allocate two thirds of the funds referred to in paragraph 1 of this Article at the latest by the day of the election.

(3) In case of early elections, funds shall be provided in accordance with paragraph 1 of this Article.

(4) The method of allocation of funds referred to in paragraph 1 of this Article shall be carried out in accordance with the election legislation.

Article 10

Funds for the work of parliamentary, delegate, or councilor clubs and groups are allocated for cover:

- a) flat-rate costs for work in constituency MPs or councilors,
- b) travel expenses abroad, if the organizer is not the National Assembly of Republika Srpska or the Council of Peoples of the Republika Srpska, or the assembly of local self-government unit,
- c) costs of procurement of materials - fuel, press, official messengers and publications,

- d) the costs of accommodation and nutrition of deputies, delegates, or councilors, at a time when the sessions of the assembly or council are not held, and
- e) other expenses related to the work of deputies, delegates, or councilors in clubs and groups.

Article 11

The funds for the work of deputies, delegates and / or councilor clubs and groups may be allocated to political parties for covering the expenses referred to in Article 10 of this Law, as well as to other organizations and users according to the decision of the club or group.

Article 12

The decision and method of allocation of funds for the needs referred to in Article 10 of this Law shall be determined by the Administrative Committees of the National Assembly and the Council of Peoples of Republika Srpska, or the competent authority determined by the Rules of Procedure of the local self-government unit.

Article 13

On the day this Law enters into force, the Law on the Financing of Political Parties from the Budget of the Republic, the Municipality and the City ("Official Gazette of the Republic of Srpska", Nos. 17/00 and 62/04) shall cease to be effective.

**LAW ON POLITICAL PARTY FINANCING FROM
THE BUDGET OF THE BRCKO DISTRICT OF
BOSNIA AND HERZEGOVINA ¹⁹**

Article 1

This law regulates the method of financing political parties from the budget of the Brcko District of Bosnia and Herzegovina (hereinafter: the Brcko District).

Article 2.

Political parties, in the sense of this law, are organizations that are freely and voluntarily organized by citizens, who, in accordance with the law, are registered with the competent court in Bosnia and Herzegovina for the purpose of expressing political activities and achieving political goals, and they are registered in the register of offices of political organization at the Basic Court of Brčko District.

Article 3

1. The right to funds from the Brcko District budget is entitled to the political parties that have been certified by the Election Commission of Bosnia and Herzegovina for participation in the elections for the Brcko District Assembly of Bosnia and Herzegovina.
2. The coalition that the Election Commission of Bosnia and Herzegovina has certified to participate in the elections for the Brcko District Assembly has the status of a political party in the distribution of funds regulated by this law.

Article 4

Funds from the Brcko District budget will be allocated for:

- 1) Pre-election campaign of political parties participating in the elections for the Brčko District Assembly;
- 2) Regular work of political parties represented in the Brcko District Assembly.

Article 5

Funds allocated for the pre-election campaign of political parties shall be provided in the year in which the regular elections for the Brčko District Assembly are held, in the amount of 0.03% of revenues in the budget of Brčko District or 60.000 KM, depending on which of these two amounts is lower.

Article 6

The funds allocated for the pre-election campaign of political parties are distributed on the basis of the following principles:

- 1) Each political party shall have the right to cover the costs of the pre-election campaign incurred during the 2 months preceding election day, in the maximum amount of 4,000 KM;
- 2) In case of lack of resources in point 1 above, existing resources will be allocated as.

Article 7

The costs of the election campaign relate to the funds spent on:

- 1) posters, advertisements, billboards, leaflets;
- 2) organizing public gatherings;
- 3) other activities related to the pre-election campaign.

Article 8

The funds allocated for the regular work of political parties on annual basis amount to 0.1% of revenues in the budget of the Brcko District or 200.000 KM, depending on which of these two amounts is lower.

Article 9

Funds allocated for the regular work of political parties are distributed on the basis of the following principles:

- 1) 30% of the funds are distributed in equal amounts to all political parties represented in the Brčko District Assembly;
- 2) 50% of the funds are distributed proportionally in accordance with the number of seats the political party has at the time of allocation of funds;
- 3) 20% of the funds are distributed proportionally to the parties of the opposition in the Brčko District Assembly, in accordance with the number of seats. For the purpose of this law, the parties of the opposition are the parties that participate in the work of the Brčko District Assembly, but do not provide support to the Brčko District Government. In the case that this category may not be separated, the funds from this point are added to the funds from point 2 of this Article.

Article 10

Funds for the regular work of political parties are related to costs:

- 1) maintenance of permanent premises in the territory of Brčko District;
- 2) conducting political research and analyzing the political strategy;
- 3) engaging in political education in voter registration;
- 4) establishment of foundations and other organizations that promote the interests of political parties;
- 5) representation before a court in politically-relevant disputes;

¹⁹ Official Gazette of Brčko District of BiH, No. 29/04

- 6) promoting programs and goals of a political party in accordance with the law.

Article 11

Applications for funds for the pre-election campaign and regular work of political parties are submitted to the Brcko District Election Commission.

Article 12

The distribution of funds in the manner referred to in Article 6 and Article 9 of this Law shall be performed by the Budget and Finance Department of the Government of the Brčko District, on the basis of information provided by the Election Commission of Brčko District.

Article 13

Control of funding and use of funds for the election campaign and regular work of political parties is carried out by the Election Commission of Bosnia and Herzegovina in accordance with the Law on Financing of Political Parties ("Official Gazette of BiH" No. 22/00), the Election Law of Bosnia and Herzegovina ("Official Gazette of BiH" Nos. 23/01, 7/02, 9/02, 20/02, 25/02 and 20/04).

LAW ON AMENDMENTS TO THE LAW ON POLITICAL PARTY FINANCING FROM THE BUDGET OF THE BRČKO DISTRICT OF BOSNIA AND HERZEGOVINA ²⁰

Article 1

In the Law on Financing of Political Parties from the Budget of the Brcko District of Bosnia and Herzegovina (Official Gazette of the Brcko District of BiH, No. 29/04), in Article 1 after paragraph 1), paragraph 2 shall be added, which shall read:

"On other issues of the methods and conditions under which political parties and members of political parties acting on their behalf provide funds for work, the provisions of the Law on Financing of Political Parties (Official Gazette of BiH, No. 22/00) are directly applied."

Article 2

In Article 4, paragraph 1, point 2, and Articles 8, 10 and 13 of the Law on Political Party Financing from

the Budget of the Brčko District of Bosnia and Herzegovina, after the word "political parties", there shall be added the words "and their deputy clubs in Brčko District Assembly".

Article 3

The former Article 9 of the Law on Financing of Political Parties from the Budget of the Brčko District of Bosnia and Herzegovina is changing and shall read as follows:

"(1) The funds allocated for the regular work of political parties and their deputies in the Brčko District Assembly are allocated in such a way that 30% of the funds are distributed in equal amounts to all parliamentary clubs of political parties represented in the Brčko District Assembly, while 70% of the total amount is allocated in proportion to the number the seats of each political party in the Brčko District Assembly at the moment of distribution.

(2) An Independent Member may be a member of one deputy club at his or her choice, and his / her rights and duties shall be equal to the rights and duties of other members of that deputy club.

(3) A more detailed way of allocating funds under paragraph (1) of this Article will be amended by the Rules of Procedure of the Brcko District Assembly."

LAW ON AMENDMENTS TO THE LAW ON POLITICAL PARTY FINANCING FROM THE BUDGET OF THE BRČKO DISTRICT OF BOSNIA AND HERZEGOVINA ²¹

Article 1

In the Law on Financing of Political Parties from the Budget of the Brcko District of Bosnia and Herzegovina ("Official Gazette of the Brcko District of BiH" No. 29/04), Article 12 is amended and shall read as follows:

"The distribution of funds in the manner referred to in Article 6 and Article 9 of this Law shall be performed by the Brčko District Finance Directorate, based on information provided by the Election Commission of the Brčko District."

Article 2

This Law shall enter into force eight (8) days from the date of its publication in the "Official Gazette of the Brčko District of BiH".

²⁰ Official Gazette of Brčko District of BiH, No. 14/07

²¹ Official Gazette of Brčko District of BiH, No. 19/07

ELECTION LAW OF BOSNIA AND HERZEGOVINA

CHAPTER 15 CAMPAIGN FINANCE ²²

Article 15.1

(1) A political party and independent candidate that participate in the elections for bodies of authority at all levels in Bosnia and Herzegovina shall be obliged to file with the Election Commission of Bosnia and Herzegovina, at the time of submission of the application for certification to participate in the elections a financial report for the period beginning three months prior to the date of submission. In addition, no later than thirty (30) days after the Election Commission of Bosnia and Herzegovina publishes the election results, a financial report shall be submitted to the Election Commission of Bosnia and Herzegovina for the period beginning on the day of submission of the application for certification until the certification of the results. These reports shall contain the following:

1. All cash at hand;
2. All income and disbursements based on: memberships; contributions from abroad; contributions from individual and legal entities; contributions in the form of goods and services (hereinafter referred to as "in-kind contributions"); returns on its own assets and entrepreneurial activities; credits; loans; donations; rebates; refunds; other operating expenditures; and other sources for the reporting period as determined by the Election Commission of Bosnia and Herzegovina;
3. Identification of the person or source of any payment and in-kind contribution, as well as the identification of a person who received that payment, in excess of one hundred (100) convertible marks, together with the date and amount of any such receipt;
4. The total amount of all account payables, and total amount of disbursements in the following categories: direct costs for political campaign; operating expenses; costs associated with the entrepreneurial activity, and other costs; and
5. the amount and nature of outstanding debts and obligations owed by or to the person who files a

report and where such debts and obligations are settled for less than their reported amount or value, a statement as to the circumstances and conditions under which such debts or obligations were extinguished

(2) An application for participation in the elections of a political party and an independent candidate will not be certified unless a political party and an independent candidate submits a financial report for a period beginning three months before the beginning of the period for filing the application for certification.

Article 15.2

(1) The Election Commission of Bosnia and Herzegovina shall issue Regulations in order to implement this chapter, whereby it shall specify in detail the content, form, manner and other details of reporting.

(2) All persons who are required to file reports must also file such additional reports as required by the Election Commission of Bosnia and Herzegovina or by the Law on Party Financing.

Article 15.3

(1) Every political party, coalition or list of independent candidates, shall appoint a competent person who shall be in charge for filing reports and record-keeping, and who shall be authorized to receive communications from the Election Commission of Bosnia and Herzegovina.

(2) Those who file reports shall inform the Election Commission of Bosnia and Herzegovina about appointing the competent person referred to in paragraph 1 of this article within three (3) days of his or her appointment, and must file the amendments within three (3) days, of any changes to his or her status.

(3) The competent person shall sign each such report and shall be responsible for keeping records that support the reports, and must make such reports available to the Election Commission of Bosnia and Herzegovina upon request.

Article 15.4

An independent candidate shall be directly responsible for filing reports with the Election Commission of Bosnia and Herzegovina.

Article 15.5

The Election Commission of Bosnia and Herzegovina shall make all reports available to the public, and shall

²² (Official Gazette of BiH, No. 23/01, 7/02, 9/02, 20/02, 25/02, 4/04, 20/04, 25/05, 52/05,

65/05, 77/05 , 11/06, 24/06, 32/07, 33/08, 37/08, 32/10, 18/13, 7/14 and 31/16)

take appropriate actions to ensure that all citizens have easy access to information contained within the reports.

Article 15.6

(1) The Election Commission of Bosnia and Herzegovina shall have the authority to investigate instances of non-compliance with the provisions of this chapter, and may order individuals to answer written questions, to provide documentary and other evidence, and to provide testimony in connection with any investigation that the Election Commission of Bosnia and Herzegovina may initiate. The Election Commission of Bosnia and Herzegovina may initiate investigation or take appropriate implementing actions, on its own initiative or in response to a complaint filed by a person.

(2) The Election Commission of Bosnia and Herzegovina shall have jurisdiction with respect to enforcing this chapter, and shall have power to make determinations that a political party, coalition, list of independent candidates or an independent candidate, or any other person has violated provisions of this chapter, and it shall have power to assess civil penalties against any political party, coalition, list of independent candidates or independent candidate for non-compliance with the mentioned provisions, or to take appropriate administrative action within its general authority under this law.

(3) Before assessing a civil penalty or taking administrative action, the Election Commission of Bosnia and Herzegovina shall seek to achieve voluntary compliance with the political party, coalition, list of independent candidates or independent candidate determined to be in violation.

Article 15.10

(1) The Central Election Commission of BiH shall announce the number of voters for each constituency within seven days of the day of completion of the Central Voters Register. The number of voters shall serve as a basis to determine a maximum amount that a political entity shall be allowed to spend for financing the election campaign.

(2) The maximum amount allowed to be spent for financing the election campaign shall represent a result of the multiplication of the number of voters in all constituencies in which the political entity referred to in paragraph (1) of this Article has a list of candidates by:

- 1) 0.30 KM for the elections of Head of Municipality/City Mayor and members of the Municipal Council/Assembly
- 2) 0.20 KM for the elections of members of Cantonal Assemblies

- 3) 0.30 KM for the elections of members of the RS National Assembly and the House of Representatives of the Federation Parliament,
- 4) 0.30 KM for the elections of members of the Parliamentary Assembly of BiH
- 5) 0.30 KM for the elections of members of the Presidency of BiH
- 6) 0.30 KM for the elections of President and Vice-President of the Republika Srpska

(3) For the elections referred to in paragraph (2), item 1 of this Article, in the municipalities with less than 3,000 voters recorded in the Central Voter Register, it shall be considered that 3,000 voters are registered.

(4) If the elections are repeated in a constituency, or in the Polling Station, the costs of the election campaign per voter can increase by up to 30% of the costs of the elections annulled in the constituency or the polling.

Pursuant to Article 12, paragraph 4) of the Law on political party financing ("Official Gazette of BiH", number: 95/12 and 41/16), Central Election Commission of Bosnia and Herzegovina adopted the following

**RULEBOOK
on annual financial statements of political
parties**

Unofficial consolidated text ²³

CHAPTER I INTRODUCTORY NOTES

**Article 1
(Application)**

This Rulebook shall define the manner of delivery of annual financial statements, contents and form of the annual financial statements, control of financial statements, which political parties are obligated to submit to the Central Election Commission of Bosnia and Herzegovina (hereinafter: BiH Central Election Commission) and manner of public disclosure of information contained in the audit reports and the political parties' financial statements.

**Article 2
(Scope of application)**

Provisions of this Rulebook shall relate to all political parties that are in accordance with the law registered with the competent body in Bosnia and Herzegovina (hereinafter: BiH).

**CHAPTER II
MANNER OF FILING THE FINANCIAL
STATEMENT**

**Article 3
(Financial statement)**

(1) Political parties shall submit to the BiH Central Election Commission the annual financial statement for every calendar (accounting) year electronically using application FI CIK BIH (hereinafter: application). Political parties shall submit to the BiH Central Election Commission hard copies of the confirmation note on delivery of annual financial statement and printed forms of financial statement in PDF verified by the signature of an authorized person and the political party's seal."

(2) Central Election Commission of BiH may ask political parties to submit additional financial

statements, documents, explanations and information if it finds them necessary for a complete and accurate conduct of the audit.

**Article 4
(Annual settlement of accounts)**

(1) All political parties shall submit financial statements in Article 3, paragraph (1) of this Rulebook by March 31 for the previous year.

(2) Political parties are obliged to submit annual settlement of accounts certified by competent institutions in BiH along with annual financial statement.

**Article 5
(Forms)**

(1) Political parties' annual financial statement in Article 3, paragraph (1) of this Rulebook shall be submitted on forms, which are integral part of this Rulebook, as follows:

- a) General information on political party Form 1
 - 1) Territorial structure of political party Form 1.1.
- b) Transaction account turnover of a political party
 - 1) Overview of political party's transaction accounts turnover Form 2
 - 2) Overview of cash desk's turnover Form 2.1.
- c) Political party's sources of funding and overview of incomes by organizational parts of the party Form 3
 - 1) Contributions of natural persons exceeding 100 KM Form 3-a
 - 2) Contributions of legal entities exceeding 100 KM Form 3-b
 - 3) Incomes from the property of the party Form 3-c
 - 4) Income from legal entities owned by the party Form 3-d
 - 5) Non-financial donations and invoices that party was not obligated to settle Form 3-e
 - 6) Incomes from the budget Form 3-f
 - 7) Incomes from publishing activities, selling of marketing material and organizing party events Form 3-g

²³ This unofficial consolidated text contains Rulebook on annual financial statements of political parties ("Official Gazette of BiH", number: 96/13) and the Rulebook amending the Rulebook on annual

financial statements of political parties ("Official Gazette of BiH", number: 89/16). **The unofficial consolidated text is for internal use only and no reference cannot be made to the latter when used officially.**

- d) Expenditures of political party and overview of expenditures by organizational parts of the party
Form 4

- 1) Overhead and operating costs Form 4.1.
2) Marketing costs Form 4.2.

- e) Political party's obligations Form 5

(2) The forms shall be filled out accurately and precisely.

(3) Accuracy and completeness of the data in each Form shall be certified by the signature of the president of a political party or other authorized person.

(4) After a political party completes the annual financial statement forms in the application it shall print the annual financial statement and delivery confirmation containing: name of political party, party's code determined by the BiH Central Election Commission, type of report, reporting period, name and last name of person who entered the data and delivery date of the statement.

Article 6 (Confirmation of received contribution)

(1) A political party shall be obligated to issue a confirmation to every natural person and legal entity (hereinafter: donor) from whom it collected membership fee or a contribution. The confirmation note shall contain: name of the political party, serial number of confirmation, total amount of membership fee/contribution, name and last name/name of donor, ID card number/donor's identification number, address and place of residence/donor's headquarters, payment date, date on which the confirmation was issued and signature of an authorized person.

(2) Confirmation referred to in paragraph (1) of this Article shall be issued in two (2) copies, one for the donor and the other for the political party.

(3) The Central Election Commission of BiH may ask the political party to submit copies of issued confirmation notes.

CHAPTER III CONTENTS AND FORM OF POLITICAL PARTIES' ANNUAL FINANCIAL STATEMENT S

Article 7 (Completing the forms)

(1) When submitting annual financial statement, political party shall submit completed all forms set in Article 5 of this Rulebook.

(2) The financial statement at the party's level shall be presented on Forms 1, 1-1, 2, 2-1, 3, 3-f, 3g, 4, 4.2 and 5, and for organizational parts of the party on

all other Forms listed in Article 5 of this Rulebook, separately for each organizational unit of the party.

Article 8 (Data)

(1) The upper right corner of all Forms referred to in Article 5 of this Rulebook contains an empty space for entering the number of form's pages.

(2) The upper right corner of Form 1, *General information on political party*, contains an empty space for entering of the following data:

- a) Code of the party to be set and entered by the BiH Central Election Commission;
- b) Title of the financial report, and
- c) reporting period for which the form is submitted.

Article 9 (General information on political party)

All information on political party to which the financial statement relates shall be given on Form 1 *General information on political party* as follows:

- a. Name of the political party under as registered with the competent court
- b. Acronym,
- c. Head office, address, telephone and fax numbers, e-mail address,
- d. Identification number obtained from competent tax authority,
- e. Business code,
- f. Name of the court where the party is registered,
- g. Number and date of the entry into court register,
- h. Number of employees in the party,
- i. Persons authorized to represent the party: name, function in the party and address,
- j. Person authorized for financial statements: name, address, e-mail address and telephone number (business tel. number and mobile tel. number), and
- k. Does the party have lower organizational units (answer YES or NO)

Article 10 (Data on territorial structure of political party)

The following data shall be given on Form 1-1 *Territorial structure of a political party* for all organizational levels (Head office, entity, cantonal, municipal and other organizations):

- a) The name of the organizational part of the political party, and
- b) Address, telephone and fax numbers.

Article 11
(Transaction account turnover of a political party)

The following data shall be entered into Form 2
Transaction account turnover of a political party:

- a) Name of the organizational part of the party,
- b) Account number,
- c) Name of the bank,
- d) Account balance on January 01 for the year covered by the financial statement or if the account was opened after that date, the account balance on the day of account opening,
- e) Total inflow without initial balance (for requested year),
- f) Total outflow (for requested year) and
- g) Balance on December 31 of the year for which the report is submitted, or in case that the account was closed earlier, until the closure of the account.

Article 12
(Overview of cash desk transactions)

The following data shall be entered into the Form 2-1
overview of cash desk transactions:

- a. Name of the party's branch office,
- b. Balance of the cash desk at the beginning of the period,
- c. Total cashier's inflow,
- d. Total cashier's outflow and
- e. Cashier's balance at the end of the period.

Article 13
(Sources of funding)

(1) The following data shall be entered into the Form 3:

1. Total incomes of political party - 3.1. Total incomes of political party:

- a) Membership fee
 - 1) Total fee charged in KM and
 - 2) Number of members of the party who paid the fee
- c) Contributions of natural persons and party members (details in Form 3-a)
 - 1) Total amount charged in KM
- d) Contributions of legal entities (details in form 3-b)
 - 1) Total amount charged in KM
- e) Incomes from the property owned by political party (details in form 3-c)
 - 1) Total amount charged in KM.

Incomes obtained in the reporting period are entered here.

- f) Profit of legal entities owned by political party (details in form 3-d)
 - 1) Total amount in KM
- g) Income from gifts and services that the political party was not obliged to settle (details in Form 3)
 - 1) total amount of revenues on this basis in KM
- h) Incomes from the budget (details in form 3-f)
 - 1) Total amount in KM
- i) Incomes from publishing activity, selling of marketing material and incomes from organization of party events (details in Form 3-g)
 - 1) Total amount in KM
- j) Total incomes of political party in KM in the reporting period by all items.

2. Other incomes - 3.2 Other incomes:

- 1) Total other incomes in KM during the reporting period.“
- (2) Integral part of this form is attachment to the form 3 in which financing sources of political party according to organization parts are entered.

(3) If the political party does not have information that can be used to determined donor's identity, the contribution will be considered made by an anonymous donor.

(4) If a political party acquires income, which is not encompassed by Article, 13 paragraph (1) of this Article or if it acquires profit from the activities of a subjects that are in any way related to the political party or are under its control, it shall be obligated to present such incomes in form 3.2 *Other income* in the financial report“

(5) Funds transferred by one organizational part to another within a political party shall not be deemed as expenditure from paragraph (1) of this Article and shall not be recorded on Form 3 from Article 5 of this Rulebook.

Article 14
(Contributions of natural persons)

The following data shall be entered into Form 3-a
Contributions of natural persons:

- a) Name of the branch office of the party,
- b) Total amount of contributions with respective value under 100 KM,
- c) Surname and name of the donor whose contribution exceeds 100 KM, number of receipt referred to in Article 6 of this Rulebook, date the contribution was made and amount of the contribution; and
- d) Total amount of all contributions made by natural persons.

Article 15
(Contributions of legal entities)

The following data shall be entered into Form 3-b *Contributions of legal entities* i:

- a) Name of the branch office/organizational unit of the party,
- b) Total amount of contributions with respective value under 100 KM,
- c) Name of a legal entity whose contribution exceeds 100 KM, number of receipt referred to in Article 6 of this Rulebook, date the contribution was made and amount of the contribution; and
- d) Total amount of all contributions made by legal entities

Article 16
(Incomes from the property owned by political party)

The following data shall be entered into Form 3-c *Incomes for the property owned by political party*:

- a) Name of the branch office of the party,
- b) Type of property generating incomes,
- c) User of political party's property,
- d) Number of contract, decision, etc. (BiH Central Election Commission may request from the political party to deliver copies of these documents),
- e) Amount of generated income.

Article 17
(Incomes from legal entities owned by a political party)

The following data shall be entered into Form 3-d *Incomes from legal entities owned by a political party*:

- a. name of legal entity,
- b. identification number received from competent tax authority,
- c. business code and type of activities of the legal entity,
- d. Ownership share of the political party (%),
- e. Amount of profit transferred to the political party and
- f. date of the transfer

Article 18
(Non-financial donations and invoices that political party was not obligated to settle)

The following data shall be entered into Form 3-e *Nonfinancial donations and invoices that political party was not obligated to settle*:

- a) name of the branch office of political party,
- b) name and last name / name of the donor,
- c) type of gift or service,
- d) date of receipt of gift or service,
- e) total value of gift or service and
- f) value that political party was not obligated to settle.

Article 19
(Incomes from the budget)

(1) Form 3-f *Incomes from the budget*, shall be completed at the level of the party, and shall include all funds allocated from the budgets of all the levels of authority received by the party in the reporting period.

(2) Following data shall be entered into this Form:

- a) Name of the branch office of the political party,
- b) Level of authority,
- c) Number and date of the decision and
- d) Total amount of the income

(3) Income from the budget shall only be deemed income defined by Article 3, paragraph (1), point e) and Article 7 of the Law on political party financing.

Article 20
(Incomes from publishing activities)

The form 3-g *Incomes from publishing activities*, selling of marketing material and organizing party events shall contain the following data:

- a) name of the organizational part of the political party;
- b) type of incomes, such as:
 - incomes from publishing activities,
 - incomes from selling of marketing material, and
 - incomes from organization of party events;
- c) the amount of generated income.

Article 21
(Expenditures of a political party)

(1) A political party shall present its expenditures in Form 4.

(2) The following data shall be entered into Form 4 *Expenditures of a political party*:

- a) Overhead and other expenses in KM (details in Form 4-1),
- b) Marketing expenses (details in Form 4-2) and
- c) Total expenditures in the reporting period on all bases.

(3) Integral part of this form is attachment to Form 4 into which political party's expenditures by organizational parts are entered.

(4) Funds transferred by one organizational part to another within a political party shall not be deemed as expenditure from paragraph (2) of this Article and shall not be recorded on Form 4 from Article 5 of this Rulebook.

Article 22

(Overhead-administrative and other expenses)

(1) The following data shall be entered into Form 4-1 *overhead and other expenses* (all expenses except the marketing costs):

- a) Name of the branch office (org.unit) of the political party,
- b) Type of expenses,
- c) Account and
- d) Amount

(2) If a political party incurs costs from publishing activities, getting of marketing material intended for sale or from organization of party events, it shall accompany Form 4-1 with a special specification that will include: name of organizational part of the party, amount and type of cost incurred and other facts proving that cost was incurred for the purpose of generating political party's income.

Article 23

(Marketing expenses)

(1) The following data shall be entered into Form 4-2 *Marketing costs*:

- a) Name of the branch office,
- b) type of expenses as follows: expenses of printing and placing posters, expenses of printing pre-election advertisements, statements, notifications etc. in newspapers, expenses of organization and administration of pre-election rallies and expenses of printing, reproduction and delivery of pre-election material which is sent to the voters and other expenses,
- c) Account and
- d) Amount;

Article 24

(Obligations of political party)

(1) The following data shall be entered into Form 5 *Obligations of political party*:

- a) Total obligations per credits and loans- 5.1
Political party's obligations per credits and loans:

- 1) name of the organizational unit of the political party
 - 2) Name of creditor or loaner,
 - 3) Amount of credit or loan,
 - 4) date of credit or loan realization,
 - 5) Installment amount and
 - 6) Loan or credit payment deadline, and
 - 7) the amount of loan/credit obligation on a specific day
- b) Total debt obligations- 5.2 Other debts:

- 1) name of the organizational part of the political party,
- 2) name of the creditor or obligation,
- 3) date of debt incurred,
- 4) amount of obligation on a specific day.

(2) Form 5.2. *Other obligations* shall contain information on political party's concerning: unsettled obligations to suppliers (natural persons and legal entities), concerning salaries and remunerations, taxes, contributions, etc.

(3) The Central Election Commission of BiH may request from a political party to deliver copies of documents presenting credits, loans or similar.

CHAPTER IV CONTROL OF FINANCIAL REPORTS

Article 25

(Audit of financial statement)

(1) Review, control and audit of financial statement in Article 3 of this Rulebook shall be conducted by the Audit office of the BiH Central Election Commission (hereinafter: Audit Office) in line with the Law on political party financing.

(2) The audit of the financial statement shall be conducted for proving opinion whether a political party acted in accordance with the Law on political party financing. The audit shall be conducted in accordance with the audit standards.

Article 26

(Audit Office)

(1) During the review of the financial statement, the Audit Office among other things considers the following:

- a) Was the report submitted on prescribed forms in this Rulebook;
- b) Were the forms appropriately filled out;
- c) Were the forms complete (comprehensive);
- d) whether the statement includes all business changes;
- e) were analytic records correctly reckoned;
- f) Were the information in the report appropriately categorized per forms, and
- g) Was the report submitted on time, that is, in the prescribed deadline

(2) Review, control and audit of the financial statement shall be done in accordance with the Rulebook on administrative procedures of review and control of political parties' financial statements.

Article 27

(Central Election Commission of BiH)

(1) If the BiH Central Election Commission finds that a political party did not act in accordance with the provisions of the Law on political party financing and of this Rulebook, prior to deciding on sanctions or administrative measures it shall try to accomplish that the political party found in breach of the provisions of the mentioned Law and this Rulebook voluntarily act and remove all detected irregularities if the latter can be removed.

(2) Central Election Commission of BiH may initiate an investigation or undertake appropriate measures ex-officio or upon a filed complaint.

Article 28
(Sanctions and administrative measures)

If political entities fail to act in the manner and within the deadline provided in Article 27, paragraph (1) of this Rulebook, the Audit Office shall recommend the Central Election Commission of BiH to pronounce a sanction to the political party or to undertake appropriate administrative measure.

CHAPTER V MANNER OF PUBLIC ACCESS TO INFORMATION IN THE AUDIT REPORT AND IN THE POLITICAL PARTIES' FINANCIAL STATEMENTS

Article 29
(Auditor reports)

(1) Excerpts from annual financial statements of political parties on sources of financing that were submitted to the Central Election Commission of BiH shall be published on the website of the Central Election Commission of BiH.

(2) Review and audit reports with auditor's opinion and findings on financial statement and financing of political party in line with the Law on political party financing shall be published on the website of the BiH Central Election Commission. The information on conducted review and audit of political parties' financial statement shall be published in the "Official Gazette of BiH".

CHAPTER VI FINAL PROVISIONS

Article 30
(Ineffectiveness)

Effectiveness of the Rulebook on annual financial statements of political parties ("Official Gazette of BiH", number: 61/06) shall terminate by entry into force of this Rulebook.

Article 31
(Entry into force and publishing in official gazettes)

(1) This Rulebook shall enter into force eighth day following its publication in "Official Gazette of BiH", and it shall be published in the "Official Gazette of FBiH", "Official Gazette of RS" and "Official Gazette of BiH District of Brčko" and on the website of the BiH Central Election Commission.

Pursuant to Article 15.2, paragraph (1) of the BiH Election Law ("Official Gazette of Bosnia and Herzegovina" number: 23/01, 7/02, 9/02, 20/02, 25/02, 4/04, 20/04, 25/05, 52/05, 65/05, 77/05, 11/06, 24/06, 32/07, 33/08, 37/08, 32/10, 18/13, 7/14 and 31/16 the Central Election Commission of Bosnia and Herzegovina, at 3rd session held on 25 January 2018 adopted the following

**RULEBOOK
on pre-election and post-election financial
statements of political parties**

Chapter I. INTRODUCTORY NOTES

**Article 1
(Application)**

This Rulebook shall regulate the manner of filing financial statements, contents and form of the financial statements and control of the financial statements of political parties participating in the elections, which are obligated to submit reports to the Central Election Commission of Bosnia and Herzegovina (hereinafter: Central Election Commission of BiH).

**Article 2
(Scope of application)**

Provisions of this Rulebook shall apply to all political subjects participating in the elections for bodies of authority of Bosnia and Herzegovina (hereinafter: BiH).

**CHAPTER II
MANNER FOR FILING THE FINANCIAL
STATEMENTS**

**Article 3
(Financial statement)**

(1) Political subjects participating in the elections for the BiH bodies of authority at all levels shall submit to the Central Election Commission of BiH the following:

a) Financial statement encompassing the period three months before filing of the application for certification and ending with the day of filing application for certification;

b) Additional financial statement for the period from the day of filing application for certification until the day of certification of the election results.

(2) The political subject shall submit financial statements referred to in paragraph (1) of this Article to the Central Election Commission of BiH in hard copy via the FI CIK BIH application (hereinafter: Application). Certificates / Confirmation of the submitted financial report and printed forms of the financial report in PDF format, certified by the signature of the authorized person and seal of the political party, shall be submitted by the political

parties to the Central Election Commission of BiH and in hard copy.

(3) The Central Election Commission of BiH may ask political subjects for additional financial statements, documents, explanations and information if it finds these documents to be necessary for a complete and accurate conduct of the audit.

**Article 4
(Deadlines)**

(1) Financial statements in Article 3, paragraph (1), point a) of this Rulebook shall be submitted by all political subjects at the time of filing application for certification to participate in the elections.

(2) Financial statements in Article 3, paragraph (1), point b) of this Rulebook shall be submitted by all political subjects that participated in the elections 30 days following the announcement of final election results by the BiH Central Election Commission.

**Article 5
(Forms)**

(1) Financial statements in Article 3, paragraph (1), points a) and b) of this Rulebook shall be submitted by political subjects on forms prescribed by Article 5 of the Rulebook on annual financial statements of political parties and which are an integral part of this Rulebook. Those are:

- a) General information on political party
Form 1
 - 1) Territorial structure of political party
Form 1.1.
- b) Transaction account turnover of a political party
 - 1) Overview of political party's transaction accounts turnover
Form 2
 - 2) Overview of cash register's turnover
Form 2.1.
- c) Political party's sources of funding and overview of incomes by organizational units of the party
Form 3
 - 1) Contributions of natural persons exceeding 100 KM
Form 3-a
 - 2) Contributions of legal entities exceeding 100 KM
Form 3-b
 - 3) Incomes from the property of the party
Form 3-c
 - 4) Income from legal entities owned by the party
Form 3-d
 - 5) Non-financial donations and invoices that party was not obligated to settle
Form 3-e
 - 6) Incomes from the budget
Form 3-f
 - 7) Incomes from publishing activities, selling propaganda material and organizing party events
Form 3-g

d) Expenditures of political party and overview of expenditures by organizational units of the party
Form 4

- 1) Overhead and operating costs Form 4.1.
- 2) Marketing costs Form 4.2.

e) Political party's obligations Form 5

(2) The forms shall be filled out accurately, precisely and clearly.

(3) Accuracy and completeness of the data in each Form shall be certified by the signature of the political subjects (for a political party it is the president or another authorized person).

(4) After the political party enters the data into the forms of pre-election and post-election financial reports in the application, it is obliged to submit the pre-election and post-election financial report to the Central Election Commission of BiH, as well as the certificate on the submitted report containing the following data: name of the political party; party code determined by the Central Election Commission of BiH; type of report; reporting period; name and surname of the person who entered the data into the financial report and the date of the submission of the report.

CHAPTER III CONTENTS AND FORM OF POLITICAL SUBJECTS' FINANCIAL STATEMENT

Article 6 (Completing the forms)

(1) When submitting financial statement, political subjects shall submit all forms set in Article 5 of this Rulebook.

(2) Accuracy of the data given in the statement shall be the responsibility of the political subjects (for the political party: the president of the party or another authorized person who by his/her signature verifies the form).

CHAPTER IV CONTROL OF THE FINANCIAL STATEMENTS

Article 7 (Audit office)

(1) The Audit Office, when reviewing the financial reports of political parties, determines the following:

- a) the statement was submitted on prescribed forms in this Rulebook,
- b) the forms were duly completed,
- c) the forms are complete (comprehensive),
- d) the statement includes all business changes,
- e) the analytic records were accurately totaled,

- f) the data in the statement were correctly categorized by forms and
- g) the statement was submitted on time, that is within the prescribed deadline.

(2) Review, control and audit of the financial statement shall be done in accordance with the Rulebook on administrative procedures of review, control and audit of the political parties' financial statements.

Article 8 (Central Election Commission of BiH)

If the BiH Central Election Commission finds that political subjects did not act in accordance with provisions of the Law on political party financing, provisions of Chapter 15 of the BiH Election Law and this Rulebook, and before the Central Election Commission of BiH pronounces a penalty or undertakes administrative measures, it shall try to get all political subjects, which were found in breach of the provisions of the abovementioned laws and this Rulebook, to act voluntarily and, if possible, to remove the observed irregularities.

Article 9 (Sanctions and administrative measures)

If political subjects fail to act according to provisions of Article 8 of this Rulebook, and if it is found that the political subject violated provisions of Chapter 15 of the BiH Election Law and if the Audit Office establishes that the political subject violated provisions of the mentioned Law and this Rulebook, it shall recommend the BiH Central Election Commission to pronounce a sanction or to undertake appropriate administrative measure.

CHAPTER V PUBLIC DISCLOSURE OF INFORMATION CONTAINED IN THE POST-ELECTION FINANCIAL STATEMENTS

Article 10 (Costs of campaign)

(1) The BiH Central Election Commission shall publish on its website information about maximum allowed costs of election campaign in line with the BiH Election Law, as well as information about campaign costs that were presented in the post-election financial statements of political parties.

(2) Excerpt from the post-election financial statements of political subjects about sources of political subjects' financing and costs of election marketing on form 4.2 of post-election financial report of all political subjects that participated in the elections, and which were submitted to the BiH Central Election Commission, shall be published on the website of the BiH Central Election Commission.

**Article 11
(Ineffectiveness)**

Effectiveness of the Rulebook on pre- and post-election financial statements of political subjects participating in the elections ("Official Gazette of BiH", number: 96/13) shall be terminated by entry into force of this Rulebook.

**Article 12
(Entry into force and publication in official gazettes)**

This Rulebook shall enter into force eighth day following its publication in "Official Gazette of BiH", "Official Gazette of FBiH", "Official Gazette of RS" and "Official Gazette of BiH District of Brčko" and on the website of the Central Election Commission of Bosnia and Herzegovina.

Number: 05-1-02-2-77-1/18
Sarajevo, 25 January 2018

President
Dr. Irena Hadžabić

Pursuant to Article 15.2 paragraph (1) of the Election Law of Bosnia and Herzegovina ("Official Gazette of BiH", No. 23/01, 7/02, 9/02, 20/02, 25/02, 4/04, 20/04, 25/05, 52/05, 65/05, 77/05, 11/06, 24/06, 32/07, 33/08, 37/08, 32/10, 18/13, 7/14 and 31 / 16), the Central Election Commission of Bosnia and Herzegovina, at its 3rd session, held on 25 January 2018, adopted the following

**RULEBOOK
on pre-election and post-election financial
statements of independent candidates**

CHAPTER I INTRODUCTORY NOTES

**Article 1
(Application)**

This Rulebook regulates the manner of submitting the financial statements, the content and the form of financial reports and the control of the financial reports of independent candidates, who participate in the elections, and the reports are mandatory submitted to the Central Election Commission of Bosnia and Herzegovina (hereinafter: the Central Election Commission of BiH).

**Article 2
(Scope of application)**

The provisions of this Rulebook apply to all independent candidates who participate in the elections for the authorities of Bosnia and Herzegovina (hereinafter: BiH).

**POGLAVLJE II. NAČIN PODNOŠENJA
FINANSIJSKIH IZVJEŠTAJA**

**Article 3
(Financial report/statement)**

(1) Independent candidates who participate in elections for BiH authorities at all levels are obliged to submit the following to the BiH Central Election Commission:

- a) a financial report covering a period beginning three months before the date of filing the application for certification and ending on the date of filing the application for certification;
- a) additional financial report for the period from the date of submission of the application for certification until the day of the verification of the election results.

(2) Independent candidates who participate in elections submit financial statements in hard copy to the Central Election Commission of BiH.

(3) The Central Election Commission of BiH may request from independent candidates to file additional financial reports, documents, explanations

and information, if it considers them necessary for the full and accurate performance of the audit.

**Article 4
(Deadlines)**

(1) The financial report referred to in Article 3, paragraph 1, item a) of this Rulebook shall be submitted by all independent candidates at the time of submitting the application for the certification for participation in the elections.

(2) The financial report referred to in Article 3, paragraph 1, item b) of this Rulebook shall be submitted by all independent candidates who participated in the elections within 30 days from the date when the Central Election Commission of BiH publishes the final election results.

**Article 5
(Forms)**

(1) The financial statements referred to in Article 3, paragraph (1) items a) and b) of this Rulebook shall be submitted by the independent candidate on the forms determined by these Rules. These are as follows:

- a) Data on an independent candidate
Form N1
 - b) Overview of cash flow turnover
 - 1) Turnover overview of an independent candidate's current account Form N2
 - 2) overview of the cash register turnover Form N2.1
 - c) Sources of funding for an independent candidate
Form N3
 - 1) voluntary contributions of natural persons exceeding 100 KM Form N3-a
 - 2) voluntary contributions of legal entities exceeding 100 KM Form N3-b
 - 3) non-monetary donations and accounts that the candidate was not obliged to settle Form N3-c
 - 4) income from the budget Form N3-d
 - 5) Income from the sale of propaganda materials and income from the organization of events Form N3-e
 - d) Expenditures of an independent candidate
Form N4
 - 1) overhead-administrative and other expenses Form N4.1.
 - 2) propaganda costs Form N4.2.
 - e) Obligations of an independent candidate Form N5
- (3) Forms must be filled correctly and precisely.
- (4) The accuracy and completeness of the data in each form shall be confirmed by the signature by an independent candidate or other authorized person.

Article 6
(Confirmation of the received contribution)

(1) An independent candidate is obliged to issue a certificate to each natural and legal person (hereinafter: the donor) from which he received the contribution containing. The certificate shall include the following information: serial number of the certificate, total amount of contribution, first and last name / donor's name, personal identification number / identification donor's number, address and place of residence of the donor, date of payment, date of issue of the certificate and signature of the authorized person.

(2) The certificate referred to in paragraph (1) of this Article shall be issued in two (2) copies, one copy being given to the donor and the other one to the independent candidate.

(3) The Central Election Commission of BiH may require an independent candidate to submit copies of issued certificates.

CHAPTER III CONTENT AND FORM OF FINANCIAL REPORTS OF INDEPENDENT CANDIDATES

Article 7
(Filling out forms)

(1) When filing a financial report, an independent candidate is required to fill in all the forms specified in Article 5 of this Rulebook.

(2) An independent candidate is responsible for the accuracy of the data presented in the report.

Article 8
(Data)

(1) In all forms from Article 5 of this Rulebook, in the upper right corner there is a space for entering data on the number of pages of the form.

(2) In Form N1, Independent Candidate Data, in the upper right corner there is a space for entering the following data:

- a) code of an independent candidate, determined and registered by the Central Election Commission of BiH,
- b) name of the financial report, and
- c) reporting period for which the report is submitted.

Article 9
(Data on an independent candidate)

In Form N1, Data on Independent Candidate, all data on the Independent Candidate to whom the Financial Report relates is entered:

- a) name and surname,
- b) unique identification number or personal identification number,
- c) address, telephone, fax and e-mail, and

- d) authorized person for the financial statements: first and last name, address, telephone, fax and e-mail.

Article 10
(Current account turnover overview)

In Form N2, Current account turnover overview, the following data is entered:

- a) account number,
- b) name of the bank,
- c) balance of the account at the beginning of the reporting period for which the financial statement is submitted, or if the account is opened after that date, the balance on the opening day of the account,
- d) total turnover without initial balance (for the reporting period),
- e) total output turnover (for the reporting period) and
- f) balance of the account at the end of the reporting period for which the report is submitted, or in the event that the account was previously closed, until the account closing time.

Article 11
(Cash balance overview)

In Form N2.1, Cashier's balance overview, the following data is entered:

- a) cash balance at the beginning of the period,
- b) total input into the cash register,
- c) total output from the cash register and
- d) cash balance at the end of the period.

Article 12
(Sources of funding)

(1) In Form N3, Sources of financing, the following data is entered:

1. Total income of an independent candidate - N3.1.
Total income of an independent candidate:

- a) Contributions of natural persons (details in Form N3-a) total amount collected in KM
- b) Contributions of legal entities (details in Form N3-b) total amount collected in KM
- c) Income from gifts and services that the independent candidate was not obliged to settle (details in Form N3-c) the total amount of revenues on this basis in KM
- d) Revenue from the budget (details in Form N3-d) the total amount of revenues on this basis in KM
- e) Income from the sale of propaganda material and income from the organization of events (details in Form N3) total amount of revenues on this basis in KM
- f) Total income of an independent candidate in KM in the reporting period on all grounds.

2. Other income and others - N3.2 Other income:

1) Total amount of other revenues in the reporting period in KM.

(2) If an independent candidate does not have the data from which the donor's identity can be identified, the donor shall be deemed an anonymous donor in relation to the independent candidate.

(3) If an independent candidate earns income that is not covered by paragraph (1) of Article 12 of this Rulebook or benefits from activities of entities that are in any way connected with an independent candidate or are under his control, such income shall be disclosed in Form N3.2 Other income of the financial report.

**Article 13
(Contributions of natural persons)**

In the Form N3, Contributions of natural persons, the following data is entered:

- a) total amount of the contributions which individual value is less than 100,00 KM,
- b) surname and name of the donor whose contribution is greater than 100,00 KM, the number of the certificate referred to in Article 6 of this Rulebook, the date when the attachment is given and the amount of the contributions,
- c) total amount of all contributions of natural persons.

**Article 14
(Contributions of legal entities)**

In Form N3-b, Contributions of legal entities, the following data is entered:

- a) the total amount of the contributions whose individual value is less than 100,00 KM,
- b) the name of the legal entity which contribution is greater than 100,00 KM, the number of the certificate referred to in Article 6 of this Rulebook, the date when the contribution is given and the amount of the contribution, and
- c) total amount of all contributions of legal entities.

**Article 15
(Non-cash donations and accounts that the independent candidate was not obliged to settle)**

In Form N3-c, Non-monetary donations and accounts that an independent candidate was not obliged to settle, the following data is entered:

- a) name and surname / donor's name,
- b) type of gift or service,
- c) date of the received gift or service,
- d) total value of the gift or service, and
- e) value that the independent candidate was not obliged to settle.

**Article 16
(Income from the budget)**

(1) In Form N3-d, Revenue/Income from the budget, there are recorded all funds from the budget of all

levels of government received by the independent candidate in the reporting period.

(2) The following information is entered in this form:

- a) name of the level of authority,
- b) number and date of decision, and
- c) total amount of revenue/income.

**Article 17
(Revenues from the sale of advertising material)**

In Form N3, Income from the sale of propaganda material and income from the organization of events, the following data is entered:

- a) type of income, such as:
 - revenues from the sale of propaganda material
 - revenues from organizing events;
- b) total amount of realized income.

**Article 18
(Expenditures of an independent candidate)**

(1) Expenditure data is presented in the Form N4 by the independent candidate.

(2) In Form N4, Independent Candidate's Expenditures, the following data is entered:

- a) administrative-administrative and other costs expressed in KM (details in Form N4.1),
- b) propaganda costs (details in Form N4.2.)
- c) total expenditures in the reporting period on all grounds.

**Article 19
(Overhead- administrative and other expenses)**

(1) In Form N4.1, Overhead-administrative expenses and other costs (all costs except propaganda costs are entered) the following data is entered:

- a) type of cost
- b) amount.

(2) If an independent candidate realizes the costs of acquiring propaganda materials intended for the sale and organization of events, he must submit a special specification along with Form N4-1, which will include: the amount and type of costs incurred and other facts proving that the realized cost was incurred for the purpose of generating income of the independent candidate.

**Article 20
(Marketing costs)**

(1) In Form N4.2, Propaganda Expenses, the following data is entered:

- a) cost type: cost of printing posters, billboard posting costs, printing costs of pre-election advertisements, announcements, declarations, etc. in public gazettes, costs of organizing and maintaining pre-election rallies, costs of printing, reproduction and

- sending electoral material to voters and other propaganda costs; and
b) amount.

**Article 21
(Obligations of an independent candidate)**

(1) In Form N5, Obligations of an independent candidate, the following data is entered:

a) Total liabilities for loans and borrowings - N5.1. Obligations of an independent candidate on loans and borrowings:

- 1) name of the creditor or borrower,
- 2) amount of the loan or borrowing,
- 3) date of realization of the loan or borrowings,
- 4) repayment period of the loan or borrowings, and
- 5) amount of the obligation on the basis of a loan or borrowing as at particular day.

b) Total debt obligations - N5.2. Other obligations:

- 1) name of the creditor or obligation,
- 2) date of commencement of the obligation,
- 3) deadline for payment of the obligation and
- 4) amount of obligation as at given day.

(2) In Form N5.2. Other obligations include data on obligations of an independent candidate at the end of the reporting period on the following basis: outstanding obligations towards suppliers (natural and legal persons), obligations on fees, taxes, contributions and other.

(3) The Central Election Commission of BiH may request an independent candidate to provide copies of debt documents on the basis of loans, borrowings or any other basis.

CHAPTER IV CONTROL OF FINANCIAL STATEMENTS

**Article 22
(Audit Office)**

The Audit Office, when reviewing the financial statements of independent candidates, shall determine:

- a) whether the report has been submitted on the prescribed forms referred to in this Rulebook,
- b) whether the forms are properly filled,
- c) whether the forms are complete (comprehensive),
- d) whether the report includes all business changes,
- e) whether analytical records are properly collected,
- f) whether the data in the report is correctly classified according to the forms, and
- g) whether the report was delivered in a timely manner, ie within the prescribed deadline.

**Article 23
(Central Election Commission of BiH)**

If the Central Election Commission of BiH finds that an independent candidate has not acted in accordance with the provisions of the Law on

Financing of Political Parties, the provisions of Chapter 15 of the Election Law of BiH and these Rules, prior to imposing a sentence or taking an administrative measure, will seek to achieve that the independent candidate found to have violated the provisions of the said laws and this Rulebook, voluntarily proceeds and removes the detected irregularities, if they are removable.

**Article 24
(Sanctions and administrative measures)**

If an independent candidate fails to comply with the provisions of Article 23 of this Rulebook and if it is established that an independent candidate has violated the provisions of Chapter 15 of the Election Law of BiH, and the Audit Office finds that an independent candidate has violated the provisions of the said law and this Rulebook, it shall propose that the Central Election Commission of BiH impose a sanction on the independent candidate or to take the appropriate administrative measure.

CHAPTER V MANNER OF PUBLIC ACCESS TO INFORMATION CONTAINED IN POST-ELECTION FINANCIAL STATEMENTS

**Article 25
(Campaign expenses)**

(1) The Central Election Commission of BiH on its website publishes data on the maximum permissible amount of campaign costs in accordance with the Election Law of BiH and data on the campaign costs reported in the post-election financial reports of independent candidates.

(2) Excerpts from the post-election financial reports of independent candidates on sources of funding of independent candidates and the cost of election propaganda on the form N4.2. post-election financial reports of all independent candidates who participated in the elections submitted to the Central Election Commission of BiH are published on the website of the Central Election Commission of BiH.

**Article 26
(Entry into force and publication in official gazettes)**

This Rulebook shall enter into force on the eighth day from the date of its publication in the Official Gazette of BiH and shall also be published in the Official Gazette of the Federation of BiH, the Official Gazette of the Republika Srpska, the Official Gazette of the Brčko District of BiH and the website of the Central Election Commission of BiH.

Number: 05-1-02-2-77-2/18
Sarajevo, 25 January 2018

President
Dr. Irena Hadžiabdić

Author Biographies



Dr. Irena Hadžiabdić

She was born in Zenica in 1960. She finished elementary school and high school in Zenica, and she obtained her diploma from the Law Faculty in Belgrade. She then completed her postgraduate studies in the field of "European Politics, Law and Management" in the United Kingdom. The doctoral dissertation titled "European Democratic Standards and the Electoral System of Bosnia and Herzegovina" she defended at the Law Faculty in Zenica.

She started her first employment relationship as a lawyer, and then she worked in the Administration and Legal Department of the Zenica Police Department. From 1997 to 2001 she alternately worked in the Department of Elections and the Democratization Department of the Organization for Security and Co-operation in Europe (OSCE) in Travnik and Zenica.

In 2001, she was appointed Executive Director of the International Foundation for Electoral Systems (IFES) for BiH. She actively participated in the establishment of the Association of Electoral Officials in BiH (UBIH BiH) which basic task is to improve the elections in BiH and professional education of electoral administration. Until the appointment of a member of the Central Election Commission of BiH (CEC BiH), she was the Executive Director of this association.

She has improved for many years in the sphere of elections through various types of education in the country and abroad. She presented her experiences on the conduct of elections and funding of political parties in BiH at several expert and scientific conferences.

The House of Representatives of the Parliamentary Assembly of BiH first appointed her as a member of the CEC BiH in 2007. She performs this function in the second term, and she exercised the duty of the President of the CEC BiH on two occasions (from January 2010 to September 2011 and from January 2017 to September 2018). As a member of CEC BiH, she participated in the work of parliamentary inter-ministerial working groups.

She has performed important functions in Europe and the world: the president and member of the Executive Board of the Association of European Electoral Officials (ACEEEO); represented the CEC BiH in the Committee on Supervision and Auditing of the Association of World Electoral Bodies (A-WEB) until October 2016; is currently in the second term a member of the Board of Directors of the International Electoral Systems Foundation (IFES) based in Washington, DC.

She is the winner of the international award for outstanding achievements in election management, which was awarded to her in 2013 in Kuala Lumpur.



Branko Petrić

He graduated from the Faculty of Law in Belgrade in 1984, and then started working in the municipal administration in Derventa, where he was also the secretary of the municipality. From 1992-96 he was the President of the Basic Court in Derventa, and from 1996-98 he was the Minister of Justice in the Government of Republika Srpska. He performed the duty of BiH ambassador to Slovenia in the period 1998-2001. Until the appointment of a member of the BiH CEC in 2004, he attended advocacy. Since then, he has been a member and three times a president of the CEC of Bosnia and Herzegovina. He has been in the elections since the first democratic elections in 1990 when he was a member of the municipal electoral commission, and also a member of the Republic's electoral commission of RS 1996-2000. He is the author of several expert articles in the field of election and

financing of political parties.



Mr. sc Hasida Gušić

She was born on 12 April 1960, in Žepa - Municipality of Rogatica. She finished elementary school in Žepa, graduated from the General Grammar School in Prnjavor in 1979, graduated from the Faculty of Economics in Sarajevo in 1983, received her master's degree at the Faculty of Economics in Sarajevo in 2008 and gained her Masters degree in Economic Sciences.

She earned the title of the Certified Accountant in 1997 and the title of Certified Auditor in 2000.

Since 1 February 2006 she has been employed at the Central Election Commission of Bosnia and Herzegovina, as managerial civil servant - Head of the Audit Department for Financing Political Parties. From 1997 to 2005 she performed independent activity - accounting, auditing, consulting services in the field of finance and accounting and tax consulting. From 2001 to 2003 she worked on the project of the European Commission EUPER - European Program for Enterprise Revitalization in BiH "Local Service Provider", and from 2002 to 2006, she was the chairman of audit committees in two companies and one bank. From 1984 to 2000, she was employed in "ZRAK" d.d. Sarajevo, until 1989 she was engaged in business planning and business analysis, and in 1990 she worked as economist of the company (executive director of finance) of "Optomehanika", a branch of "ZRAK" Holding.

She participated in a working group for the preparation of the State Anti-Corruption Strategy 2015-2019 and the Action Plan for the Implementation of the Anti-Corruption Strategy 2015-2019, also in cooperation work with the evaluation group of the Group of countries of the Council of Europe for the fight against corruption GRECO, in the Third Evaluation Round for Bosnia and Herzegovina, Transparency of Political Party Financing, and also participated in the 51st Plenary Session of GRECO (Strasbourg, 23-27 May 2011). She is a member of the Federation of Accountants, Auditors and Financial Employees of the Federation of BiH and IFAC - International Federation of Accountants.



Sanja Tošović

She was born in Sarajevo in 1977. She graduated from the Faculty of Economics at the University of Istočno Sarajevo in 2000.

Her first employment relationship was in AD "Ribnjak" Prnjavor in 2000. He has been employed in the Secretariat of the Central Election Commission of Bosnia and Herzegovina since 2005 and has been in charge of the Head of Audit Department at the Secretariat of the Central Election Commission of Bosnia and Herzegovina since 2014.

She earned the title of Certified Accountant in 2003, the title of Certified Internal Auditor in 2006, and the title of Certified Auditor in 2009. She is a member of the Federation of Accountants and Auditors of the Republika Srpska.