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Evaluation Report on Italy
Transparency of Party Funding

(Theme II)

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I. INTRODUCTION

1. Italy joined GRECO in 2007. GRECO adopted the Joint First and Second Round Evaluation Report on Italy (Greco Eval I-II Rep (2008) 2E) at its 43rd Plenary Meeting (29 June-22 July 2009). The aforementioned Evaluation Report, as well as its corresponding Compliance Report, is available on GRECO's homepage (http://www.coe.int/greco).

2. GRECO's current Third Evaluation Round (launched on 1 January 2007) deals with the following themes:

   - **Theme I – Incriminations:** Articles 1a and 1b, 2-12, 15-17, 19 paragraph 1 of the Criminal Law Convention on Corruption (ETS 173)[1], Articles 1-6 of its Additional Protocol[2] (ETS 191) and Guiding Principle 2 (criminalisation of corruption).

   - **Theme II – Transparency of party funding:** Articles 8, 11, 12, 13b, 14 and 16 of Recommendation Rec(2003)4 on Common Rules against Corruption in the Funding of Political Parties and Electoral Campaigns, and - more generally - Guiding Principle 15 (financing of political parties and election campaigns).

3. The GRECO Evaluation Team for Theme II (hereafter referred to as the "GET"), which carried out an on-site visit to Italy from 5 to 7 October 2011, was composed of Mr Fernando JIMENEZ SANCHEZ, Department of Political Science and Public Administration, University of Murcia (Spain), Ms Zorana MARKOVIC, Director, Anti-Corruption Agency (Serbia), and Mr Marcin WALECKI, Chief of Democratic Governance, OSCE Office for Democratic Institutions and Human Rights. The GET was supported by Ms Laura SANZ-LEVIA and Mr Yüksel YILMAZ from GRECO's Secretariat. Prior to the visit the GET was provided with a comprehensive reply to the Evaluation questionnaire (document Greco Eval III (2011) 8E REPQUEST, Theme II) as well as copies of relevant legislation.

4. The GET met with officials from the following governmental organisations: Ministry of Justice, Senate, Chamber of Deputies, Department of Information and Publishing of the Presidency of the Council of Ministers, Board of Auditors for the examination of financial statements of political parties, Board of Comptrollers of Election Expenses at the State Audit Court, Regional Electoral Guarantee Board, Prosecutor Office of Rome and Court of Cassation. The GET also met with representatives of political parties (Il Popolo della Libertà, Partito Democratico, Unione di Centro, Italia dei Valori, Federazione della Sinistra, and Sinistra Ecologia Libertà). Moreover, the GET met with representatives of the national chapter of Transparency International, the media and academia.

5. The present report on Theme II of GRECO's Third Evaluation Round on Transparency of party funding was prepared on the basis of the replies to the questionnaire and the information provided during the on-site visit. The main objective of the report is to evaluate the measures adopted by the authorities of Italy in order to comply with the requirements deriving from the provisions indicated in paragraph 2. The report contains a description of the situation, followed by a critical analysis. The conclusions include a list of recommendations adopted by GRECO and addressed to Italy in order to improve its level of compliance with the provisions under consideration.

6. The report on Theme I – Incriminations, is set out in Greco Eval III Rep (2011) 7E, Theme I.

[1] Italy signed the Criminal Law Convention on Corruption (ETS 173) on 27 January 1999; it has not yet been ratified.
[2] Italy signed the Additional Protocol to the Criminal Law Convention (ETS 191) on 15 May 2003; it has not yet been ratified.

II. TRANSPARENCY OF PARTY FUNDING – GENERAL PART

Overview of the political/electoral system

7. Italy is a parliamentary democratic republic, administratively divided into 20 regions, one of which (Trentino – Alto Adige) consists of two autonomous provinces. The head of the State is the President, who is elected for a seven year term. The Prime Minister is appointed by the President, subject to approval by the Parliament. The bicameral Parliament consists of the Chamber of Deputies (630 elected members) and the Senate (315 elected members plus 6 non-elected members), members of both houses are directly elected by universal adult suffrage.

8. The voting age in Italy is 18 years for Chamber of Deputies elections, and 25 years for Senate elections. The right to stand for Chamber elections is 25 years, and 40 years for Senate elections.

9. General elections are (as a rule, although practice proves differently) to be held every five years.

10. The electoral rules have been subject to several amendments since the early 90's. From 1948 to 1992 a proportional (d'Hondt) representation system was used; it produced very fragmented legislatures, short-lived and unstable coalition governments. From 1945 to 1993 there were a total of 52 governments, which on average lasted less than a year in office. A new electoral system was adopted in 1993: three quarters of the seats in the Chamber of Deputies and the Senate were filled by majority voting, whilst the remaining seats were assigned through a proportional system (mixed electoral system, so-called *Mattarellum*). It was expected that, through this new system, the political landscape would be simplified and would guarantee an alternation in government. However, a system of electoral alliances of a plurality of small parties and political parties emerged, giving rise to two broad electoral cartels on the right and on the left, which have alternated in power. From 1994 to 2006, eight governments, lasting little more than a year, have been in office. In the parliamentary elections held in April 2006, the electoral system was changed: a proportional election system with a majority bonus was applied.

11. Under the current electoral system, for elections to the Chamber of Deputies, each elector casts one vote for a party list. These lists are closed, so electors cannot choose individual candidates or alter the order of such lists. 618 out of 630 Chamber seats are distributed at national level by the method of proportional representation among: (i) coalitions that obtain at least 10% of the vote and which include at least one party that obtains 2% of the vote or more; (ii) political parties that obtain at least 4% of the vote, running individually or as part of a coalition that obtains less than 10% of the vote; and (iii) parties representing recognised linguistic minorities that obtain at least 20% of the vote in their corresponding regions. Chamber seats awarded to a coalition are in turn proportionally allocated among constituent parties that have obtained at least 2% of the vote; however, this requirement is waived for the coalition party with the largest number of votes among those polling fewer than 2%. The new system provides for a nationwide majority bonus: if the coalition that obtains a majority of votes initially receives less than 55% of the seats (340 out of 618), its number of seats is increased to 340. In this case, the remaining seats are apportioned among the other qualifying coalitions and individual parties. Chamber seats are subsequently distributed among 26 multi-member districts. Italian citizens residing abroad elect the remaining 12 deputies; these seats are also distributed according to the method of proportional representation.

12. For elections to the Senate, electors vote for a closed party list in 18 of Italy's 20 regions. Senate seats in these regions are apportioned by a proportional representation method among

(i) coalitions that receive at least 20% of the vote and which include at least one party that receives 3% of the vote or more, as well as (ii) parties that receive at least 8% of the vote, running individually or within a coalition that receives less than 20% of the vote. Senate seats awarded to a coalition are in turn proportionally allocated among constituent parties that have received at least 3% of the vote. The new Senate system also features a regional majority bonus: if the coalition that obtains a majority of votes in a given region is initially allocated less than 55% of the seats filled in the region, its number of seats is increased to no less than 55% percent of the region's total, and the remaining seats are distributed among the other qualifying coalitions and individual parties. Finally, 6 senators are chosen by Italian citizens residing abroad; these seats are filled in the same manner as the corresponding seats in the Chamber of Deputies.

Legal framework and registration of political parties

13. The Italian legal system does not provide for a definition of political parties; nevertheless, on the basis of Article 49 of the Constitution, they can be defined as a free association of persons with a view to contributing to designing national policies through democratic processes. In accordance with established case-law, political parties and movements are considered as private and non-recognised associations, which are regulated by the Civil Code.

14. In Italy, political parties and movements have no legal personality and are not required to be recognised by Government or to be registered. Nevertheless, under the applicable rules for associations in the Civil Code, political parties can be vested with autonomous rights and obligations, distinct from that of their individual members.

Participation in elections

15. A total of 44 parties stood for the last parliamentary elections held on 13-14 April 2008. The following parties won seats in Parliament:

Party	Chamber of deputies	Senate of Republic	Total elected
1. Il Popolo della Libertà	276	147	423
2. Partito Democratico	217	118	335
3. Lega Nord	60	25	85
4. Italia dei Valori Lista Di Pietro	29	14	43
5. Unione di Centro	36	3	39
6. Movimento per l'Autonomia	8	2	10
7. Südtiroler Volkspartei	2	4	6
8. Movimento Associativo Italiani all'estero	1	1	2
9. Autonomie Liberté Democratie	1	0	1
10. Vallée d'Aoste	0	1	1
Total	**630**	**315**	**945**

16. It is to be noted that Members of Parliament can change party in the course of a parliamentary term because of the constitutional principle whereby elected candidates carry out their duties without a binding mandate towards their voters or their parties.

Overview of the political funding system

Legal framework

17. Party funding related issues are regulated in different pieces of legislation. In particular:

- Law No. 2 of 1997 regulates accounting obligations of beneficiaries of electoral reimbursements and sets up a responsible authority for auditing party accounts.
- Law No. 195/1974 provides for the offence of illicit party funding.
- Law No. 416/1981, Law No. 416/1987 and Law No. 250/1990 regulating the public financing of party-owned newspapers.
- Law No. 659/1981 establishes reporting obligations, for both the donor and the receiver, when donations exceed the statutory thresholds (i.e. annual contributions higher than 50,000 EUR).
- Law No. 441/1982 on declaration of assets of elected representatives.
- Law No. 515/1993 includes provisions on the requirements to qualify for reimbursement for the elections to the Chamber of Deputies, the Senate, the European Parliament and regional councils. It establishes limits for electoral expenditure. It also includes rules on public auditing of election expenditure and provides for sanctions in case of infringement.
- Law No. 43/1995 contains provisions on reimbursement of expenditure for elections to regional councils.
- Law No. 157/1999 regulates the only form of public funding for political parties, i.e. reimbursement of expenditure for electoral and referendum campaigns.

18. The percentage breakdown of public/private funding with respect to major political parties revenues is as follows:

Public funding	82%
Private funding	16.5 %
Other funding (from publishing activities, events, etc.)	1.5 %

**Note: Data collected from the 2010 financial statements of major political parties*

Public funding

Political parties, political movements, lists of candidates, individual candidates and organising committees for referenda

(i) Direct public funding:

19. The granting of public funds to political parties was initially provided in 1974 and referred to annual ordinary activity and campaign subsidies. The 1992-1993 scandals known as "*Tangentopoli*" (Bribesville) and the "Referendum Movements for electoral reform" brought about, not only changes to the electoral system as mentioned before, but also to the regulation of party financing. Since 1993, public funds are distributed in the form of reimbursement of campaign expenditure. Even if called "reimbursement of campaign expenditure", the public monies allocated for this purpose often exceed the amount which is effectively spent by parties during elections. Political parties no longer receive any public funds for routine activity.

20. The average amount of campaign reimbursements totals around 180,000,000 EUR, i.e. around 45,000,000 EUR for the different types of election. In this connection, four funds have been established to finance elections to (i) Chamber of Deputies, (ii) Senate, (iii) European Parliament and (iv) regional councils. These funds are distributed among political parties or movements, lists of candidates and independent candidates (for Senate), as well as organisers of referenda, having reached the required threshold. In particular:
    - regarding elections to the Chamber of Deputies, public funding is shared, in proportion to the votes obtained, among the political parties and movements achieving at least 1% of

valid votes at national level; the law provides for specific rules to favour those parties representing linguistic minorities (in the regions Valle d'Aosta and Trentino-Alto Adige); an additional fund is envisaged, which amounts to 1.5% of the basic fund, for electoral reimbursement of parties standing in the "Foreign countries' constituency";

- regarding the elections to the Senate, public funding is shared on a regional basis: there is a contribution for each of the 20 Italian regions that is shared, in proportion to votes obtained at regional level, among the lists of candidates achieving at least 5% in the region itself or having obtained an elected candidate, and also among individual candidates elected, or having achieved at least 15% of the valid votes in their constituency; for the Senate an additional fund is also envisaged, equal to 1.5% of the basic fund, for electoral reimbursement for parties standing in the "Foreign countries' constituency";
- as for European elections, public funding is shared proportionally among the political parties and movements having obtained at least one candidate elected;
- for each regional election, public funding is allocated on the basis of the number of people entitled to vote in the region; public funding is shared among the provincial lists of candidates having obtained at least one candidate elected;
- for each valid request to hold *referendum* a lump-sum reimbursement of 500,000 EUR is given to the organising committees; the annual fund ceiling is 2,582,284.50 EUR.

(ii) Indirect public funding

21. Law No. 28/2000 establishes that all programmes on "political communication" (e.g. presentation of electoral programmes, roundtables, debates, interviews) should provide for equal access to all political subjects. All political actors that are represented in the Italian Parliament, or have at least two representatives in the European Parliament, are entitled to benefit from the law. The principle of equal access to broadcasting time is put into practice through the provision of free airtime in national broadcasting services (radio stations and TV channels). Private radio and TV stations may give airtime to political messages for free or for half the price of other advertisements. No political entity is allowed to broadcast more than one message a day on the same broadcasting unit. Political poll results cannot be published during the 15 days preceding the election day. Furthermore, in the 30 days prior to a general election, local administrations, public institutions and their representatives are not allowed to promote debates or publish material in support of a political party or its candidates. The supervision of the application of Law No. 28/200 is carried out by the Parliamentary Committee for the General Supervision of Broadcasting Services (*Commissione parlamentare per l'indirizzo generale e la vigilanza dei servizi radiotelevisivi*) and the Italian Communications Regulatory Authority (*Autorità per le garanzie nelle comunicazioni*).

22. Discount postage rates for campaign mailing purposes apply during the 30 days preceding electoral campaigns: special postage rate of 0.36 EUR for mailing election materials, for a number of copies equal to the number of people entitled to vote in the constituency.

23. Finally, campaign hoarding (billboards), as well as the use of public meeting rooms (e.g. schools, town halls), are provided free of charge by municipalities during election campaigns.

24. In addition, fiscal discounts apply to a broad range of party-related activities (see paragraphs 35 and 37 for details).

Party newspapers

25. Public funding is also granted to publishers of newspapers and periodicals (including in electronic format), which are owned by political parties or movements with representation in the Italian

Parliament, or having at least two representatives in the European Parliament. All enterprises that meet these criteria may receive donations provided that: (i) the companies are not connected to and do not directly or indirectly control enterprises publishing other party periodicals; (ii) the companies do not benefit, directly or indirectly, from grants provided for other publishing enterprises, and no grants are received by their subsidiaries or parent companies, nor by other companies controlled by the same parent or by the same political party. Verification that these conditions are being respected is carried out by the Communications Regulatory Authority.

26. The funding consists of a fixed grant corresponding to the costs of production of the relevant media plus a variable grant related to the size of the print-run of the publication. In any event, the total of public funds cannot exceed 70% (newspapers and periodicals of political parties), 50% (electronic newspapers of political parties) or 60% (newspapers and periodicals of political movements) of the operational costs of the said media.

27. Likewise, radio broadcasters and monothematic free-to-air satellite TV channels, owned by political parties are entitled to public funding to a maximum of 80% of their operational cost.

28. The public funding referred to above is available for a political party/movement's newspaper or periodical or radio station, but not all three.

Parliamentary groups

29. According to Rule 15 of the Rules of Procedure of the Chamber of Deputies and Rule 16 of the Rules of Procedure of the Senate, parliamentary groups of each House receive financial contributions as well as premises and equipment to carry on their activities. These public funds are allocated with reference to the numerical strength of the parliamentary groups, and are charged to the budgets of the respective House. The funds are intended partly to enable political groups to carry out their tasks and functions and partly to pay the salaries of employees of the same.

Financial contributions to parliamentary groups – Chamber of Deputies

Year	Amount
2010	34,311,771.76 EUR
2009	33,633,438.08 EUR
2008	32,538,782.43 EUR

Financial contributions to parliamentary groups – Senate

Year	Amount
2010	19,892,690.11 EUR
2009	18,698,613 EUR
2008	19,184,674.90 EUR

Private funding

30. There are no limits on the amount/size/periodicity of private contributions that can be made to political parties/movements/candidates.

31. There are no quantitative restrictions on membership fees, nor on the total amount of loans/credits, legacies and income from party and fundraising activities, the party may receive.

32. There are no particular restrictions on contributions from non-profit organisations, such as employees' unions or employers' organisations, religious institutions, political organisations, etc.

33. There are no limits on contributions from foreign entities.

34. Notwithstanding the aforementioned considerations, some restrictions do apply to private funding. In particular:
    - donations from companies that are publicly held or have a public sharing of greater than 20% are forbidden (Article 7, Law 195/1974);
    - any other corporate donation must be approved by the management body of the relevant legal entity and properly entered in the company's financial statements;
    - it is forbidden to donate in cash when the donation exceeds 1,000 EUR (Article 49, Legislative Decree No. 231/2007[3]). During election campaigns for national Parliament and regional councils, individual candidates can exclusively raise funds through a bank or post office account, handled by an election representative. Post office or bank staff have to ascertain the personal details of those who make transfers to campaign accounts.

Taxation regime

35. Campaign expenditure/reimbursement is not subject to taxation.

36. A tax rebate of 19% is envisaged for donations of money (made through bank or postal transfers) to political parties and movements represented in Parliament, for amounts of between 51.65 EUR and 103,291.37 EUR. The tax revenues shortfall due to the aforesaid tax deductions cannot exceed 25,823,000 EUR per year. If such a limit were exceeded, the Ministry of Finance would redefine those tax deductions for the following financial year, so that the mentioned limit is met.

37. Donations are not tax-deductible when coming from: stock exchange listed companies or companies holding them; companies having liabilities in their tax returns in the financial year before the donation; associates as a payment of their party membership fees.

Expenditure

Limits on expenditure for parliamentary elections

38. The Italian legal system provides for limits on expenditures by political parties and individual candidates exclusively with regard to elections to national parliament and regional councils. There are no limits on expenditures during European elections or, more generally, outside election campaigns. The limits on expenditures for the elections to the Chamber of Deputies and the Senate are as follows:

    (a) political parties: the result obtained by multiplying 1 EUR by the number of persons eligible to vote in the constituencies of both Chamber and Senate for which they put forward lists of candidates (Article 10, Law No. 515/1993);

[3] As amended by Decree Law No. 201 of 6 December 2011. Pursuant to this amendment, the threshold for cash donations was brought down from 2,500 EUR to 1,000 EUR.

(b) individual candidates: the fixed amount of 52,000 EUR for each constituency plus the result of the multiplication of 0.01 EUR by the number of citizens living in the constituencies for which the candidates stand.

Limits on expenditure for regional, provincial and municipal elections

39. With regard to regional elections the limits on the expenditures for political parties are the same as the parliamentary ones: 1 EUR multiplied by the number of persons eligible to vote in the constituencies of both Chamber of Deputies and Senate for which they put forward lists of candidates. As regard the single candidates the limit of expenditure is the sum of 38.802,85 EUR plus the product of the multiplication of 0.0061 EUR by the number of citizens living in the provincial constituency for which the candidates stand[4]. For candidates running in different provincial lists, the limit is equal to the highest one allowed for an individual candidature increased by 10%.

40. As regards municipal and provincial elections, the law only establishes that in towns with more than 50,000 inhabitants the lists of candidates or individual candidatures have to be submitted together with the budget with which the lists and the candidates will comply (Article 30, Law No. 81/1993).

41. The table below summarises the applicable regime in Italy with respect to parties' income and expenditure, which has been explained above.

Summary table on political financing in Italy

<table>
<tr><th colspan="4">INCOME: PUBLIC AND PRIVATE FUNDING</th></tr>
<tr><td rowspan="2">Public funding

50-80% of parties' income</td><td colspan="2">Political parties and movements</td><td>Party newspapers</td><td>Parliamentary groups</td></tr>
<tr><td>Direct</td><td>Reimbursement of campaign expenditure for parties with parliamentary representation (around 180 million EUR, average of 45 million EUR per type of election)</td><td rowspan="2">• Fixed grant of costs of production
+
• variable grant related to size of print-run of publication</td><td rowspan="2">• Financial contribution (for activities and staff)
• Technical equipment</td></tr>
<tr><td>Indirect</td><td>• Free airtime in national broadcasting services
• Discount postage rates
• Billboards
• Public meeting rooms
• Fiscal rebates</td></tr>
<tr><td>Private funding</td><td colspan="2">No limits on:
• Amount/size/periodicity of private donations
• Membership fees
• Donations from non-profit
• Donations from abroad
• Loans
• Legacies
• Income from party and fundraising activities</td><td colspan="2">Restrictions on:
• Companies that are publicly held or have a public sharing greater than 20% cannot donate
• Corporate donations allowed insofar approved by the board of directors and appear in the company's annual report
• Anonymous only possible under 1,000 EUR</td></tr>
<tr><th colspan="4">EXPENDITURE: CAPPED FOR ELECTIONS TO PARLIAMENT AND REGIONAL COUNCILS</th></tr>
</table>

[4] This amount is 0.03 EUR for the Lazio Region and 0.005 EUR for Tuscany.

III. TRANSPARENCY OF PARTY FUNDING – SPECIFIC PART

(i) Transparency (Articles 11, 12 and 13b of Recommendation Rec(2003)4)

Bookkeeping, record keeping and accounts

Political parties and movements

42. Political parties that receive public funding (electoral reimbursements) must abide by certain transparency requirements with respect to their income and expenditure.

43. The legal representative or treasurer of the party must maintain the daybook and the inventory book. The daybook must show the day-to-day operations carried out. Before being put to use, the account books must be consecutively numbered on every page and every sheet must be stamped by a notary. The inventory book must be prepared on 31 December of each year, and must display assets and liabilities and state their values. The inventory book must conclude with an annual report and must be signed by the legal representative (or by the treasurer) of the party within three months of its being submitted to the relevant statutory bodies.

44. All records must be kept in accordance with the principles of orderly bookkeeping, without blank spaces, insertions between the lines or marginal additions.

45. Accounting records are to be kept for at least 5 years. Commercial entities in which political parties have equity investments are to keep their records for 10 years.

Individual candidates

46. During election campaigns for national Parliament and regional councils, individual candidates can exclusively raise funds through a bank or post office account, handled by an election representative.

Reporting obligations

Political parties and movements

(i) Financial reports on annual activity

47. The legal representative (or treasurer) of the party must account for all activities and expenditure in an annual financial statement. Standard forms are provided to present party accounts; the forms include all the items that should be listed in the account, e.g. net assets, State subsidies, private donations (including the name of the donor, whether physical or legal person), costs for press activities, technical tools/office machines/furniture, loans, etc. The relevant financial statements must be accompanied by notes referring to, inter alia, the valuation criteria used for the statement of accounts, details on the transfer of assets, off-balance sheet commitments, number of employees broken down by category, etc. Appendices to the financial statements must also be submitted, including the financial statements of other companies in which the party has equity interests, whether through trust companies or intermediaries, as well as statements relating to newspaper or periodical publishing enterprises, as well as any other documentation as required by the Italian Communications Authority.

48. In addition, a report on the financial and economic circumstances of the party and on its operating performance as a whole must be included; a standard form is also provided to this effect.

49. The financial statements for the year, the report on operations and the notes to the statements are reviewed by a Board of Auditors.

50. The annual financial statement, accompanied by the report on operations and the notes to the financial statements, duly signed by the legal representative (or by the treasurer) of the party, along with the report of the party auditors, signed by the same, and copies of the newspapers in which the foregoing were published must all be transmitted by the legal representative (or party treasurer) to the President of the Chamber of Deputies by 31 July of each year.

(ii) Financial reports on campaign expenditure

51. As regards election campaigns for national parliament, the European Parliament and regional councils, all parties that present their own lists of candidates are required to provide the president of the assembly to which they are seeking election (the President of the Chamber of Deputies in the case of elections to the European Parliament) with a final statement of election expenses and sources of funding (Article 12 of Law No. 515/1993 by reference of Article 16(5) of the same law).

52. The abovementioned statement is then sent to a special Board of Comptrollers formed within the State Audit Court (*Corte dei Conti*).

(iii) Joint statements on donations

53. A joint disclosure declaration is to be made by the donor and the beneficiary for any donation exceeding 50,000 EUR in a calendar year (Article 4, Law No. 659/1981). The disclosure must be submitted to the President of the Chamber of Deputies within three months from the receipt of the donation if the single donation exceeds 50,000 EUR, or by March of the following year, in case of split (smaller) donations from the same donor throughout the calendar year. The requirement of joint disclosure is not applicable with respect to loans of credit and banking institutions. With reference to donations coming from abroad, the disclosure requirement applies only to the receiving party (not to the donor).

Party newspapers

54. As far as newspapers and radio broadcasters that serve as party political organs are concerned, the law does not impose any particular requirements or obligations in relation to bookkeeping, accounting and the preparation and approval of financial statements, other than those already prescribed by statutory legislation for companies and corporations.

Parliamentary groups

55. The law does not impose any particular requirements or obligations on parliamentary groups in relation to bookkeeping, accounting and the preparation and approval of financial statements.

Candidates for election

56. All candidates seeking election to the national parliament and regional councils, including those who fail to secure election, must present:

(i) an *election statement of the costs and debts incurred for campaign purposes*, which is to be accompanied by an *accounting report* detailing contributions and services received and expenses incurred. The report, which may also be based on disclosures made solely by the candidate, systematically lists the names of individuals whose *donations and services exceeded 20,000 EUR in value*, as well as all donations and services for any value whatsoever from other sources. The report also includes balance statements from bank accounts and, where applicable, post office accounts used by the candidate.

57. Election statements must be signed by the candidate and countersigned by the authorised representative who certifies the accuracy of the declared income. No such obligation is envisaged for European elections.

58. Accounting reports and statements on electoral expenditures are to be sent to the Regional Electoral Guarantee Board.

Elected representatives

59. Law No. 441/1982 lays out the obligation to file asset declarations for elected representatives. In particular, within three months of taking office, members of the national parliament and members of government are required to deposit with the relative parliamentary assembly (for members of government this is the Senate) the following:

(i) a *declaration of their property interests in real estate and movable assets* listed in public registers; company shares; equity investments; company directorships or memberships of boards of auditors; a declaration, to be submitted by the closing date for tax returns, of any changes in their assets that occurred during their term of office or at the end of their mandate;

(ii) a copy of their *most recent personal income tax return*; the income tax returns must be presented every year during their period in office as members of Parliament, as well as at the end of their mandate;

(iii) a *statement of the costs and debts incurred for campaign purposes*, or a declaration that they have availed themselves exclusively of electoral materials and resources provided by the party for which they were elected.

(iv) Copies of *jointly signed disclosures of donations exceeding 50,000 EUR*.

60. The requirements indicated in the foregoing points (i) and (ii) also apply to the economic situation and tax returns of a spouse, unless separated, and of children living in the family home, if these persons consent thereto.

61. The foregoing provisions refer also to members of regional and provincial councils as well as members of city councils (municipalities of more than 50,000 inhabitants) in the manner prescribed by the councils themselves.

Publication requirements

Annual financial reports

62. By 30 June of each year, the legal representative or treasurer is required to publish in at least two newspapers, one of which must have national circulation, the financial statements of the party along with a summary of the report on operations and the notes to the financial statements.

63. The Bureau of the Chamber of Deputies sees to the publication of the financial statements of political parties in a special supplement of the Official Journal.

64. The Chamber of Deputies publishes financial statements of investee companies, including newspaper publishers and companies held through trustees or intermediaries, in the Official Journal.

65. There are no provisions for the publication of the financial statements and accounts of parliamentary groups.

Campaign reports

66. The Electoral Office at the Court of Appeals is in charge of the publication of the final statement of election expenses of political parties.

67. Candidates' final statements of their election expenses are freely available for consultation from the Regional Electoral Guarantee Boards.

68. The Board of Comptrollers of Election Expenses, set up within the ambit of the State Audit Court, also produces its own reports on the final statement of election expenses.

Joint statements on donations

69. Joint disclosures are available for perusal by all voters and also on the electronic archives managed by the Treasury Department of the Chamber of Deputies.

Asset declarations

70. The Chamber of Deputies and the Senate are in charge of publishing asset disclosures. Financial declarations are published in official bulletins which are available on request to registered voters.

Access to accounting records

71. Law enforcement authorities have access to the accounting records of political parties, in case of suspicion of a criminal offence, as do tax authorities for tax inspection purposes. The searches performed in the course of a criminal investigation are subject to certain limitations if they concern a Member of Parliament. In such a case, the judicial authority is to obtain an authorisation to proceed from the House to which the elected member belongs.

72. Political parties do not fall under the free access to information regulations. Therefore, detailed financial information (other than what is contained in annual/campaign financial reports, joint disclosures and asset declarations), is not accessible to the public.

(ii) Supervision (Article 14 of Recommendation Rec(2003)4)

Audit of accounts

Political parties and movements

73. Annual financial statements of political parties receiving public funding are to be audited by the party's own auditors (Law No. 2/1997). The law does not provide for any particular requirement as to the qualification that the party auditor must possess.

74. With respect to subsidiaries or other companies in which parties have equity investments, such as those publishing the party newspaper, the statutory auditing standards for corporations as defined in civil law shall apply.

75. No specific regulations exist relating to internal auditing for local sections of political parties with statutory and financial autonomy.

76. No obligation for internal auditing exists in respect of the preparation of the outturns for expenditure on electoral campaigns and the relative funding sources.

Individual candidates

77. With reference to statement of election expenses which is to be submitted by individual candidates, all campaign operations and accounting entries are to be carried out by an electoral agent who is appointed by the candidate. Before they are transmitted to the Regional Electoral Guarantee Board, the final statement of election expenses is signed by the candidates and countersigned by their agents who certify the accuracy of the declared income. No obligation applies in relation to European elections.

Party newspapers

78. They are required to submit to the Communications Regulatory Authority cost statements certified by auditing companies.

Parliamentary groups

79. No specific regulations exist relating to internal auditing for parliamentary groups.

Statutory supervisory authorities

Chamber of Deputies and Senate

80. The Chamber of Deputies and the Senate are jointly responsible for the reimbursement and suspension of electoral expenses to political parties. In carrying out their tasks, they rely on the auditing and control activities carried out by the Board of Auditors, the Board of Comptrollers of Election Expenses and the Regional Electoral Guarantee Board, as detailed below.

Board of Auditors for the examination of financial statements of political parties (Article 8, Law No. 2/1997)

81. The Board of Auditors verifies the accuracy and legal compliance of the political parties' annual financial statements.

82. The Board of Auditors is composed of 5 auditors, enrolled in the National Register of Auditors, who are appointed at the beginning of each Parliament by the Presidents of the Chamber of Deputies and of the Senate, who concur beforehand on the appointments. The mandate of the appointees to the Board is not renewable. The costs of funding the Board and the remuneration of its members are borne by both Houses. The Board is based in the Chamber of Deputies.

83. The Board carries out a "second degree" audit of the financial statements of political parties. It has no direct powers of inspection.

84. The Board does not have the power of command over a law enforcement agency. However, the Board may demand, through the President of the Chamber of Deputies, clarifications and additional documentation from parties, if the audit performed suggests that an infringement of party funding legislation has occurred.

85. The Board has no direct powers to impose sanctions. In the event of breaches of the law detected by the Board, sanctions are imposed by the Presidents of the Houses of Parliament.

Board of Comptrollers of Election Expenses at the State Audit Court (Article 12, Law No. 515/1993)

86. The Board of Comptrollers verifies that electoral spending by political parties is in accordance with the law and that the documentation produced by the parties in proof of such spending is valid. It reports back to the President of the Chamber of Deputies/Senate, or to the regional councils, with the results of its audit activities, which it must complete within six months, with the possibility of an extension of up to three months.

87. The Board of Comptrollers of Election Expenses, is instituted within the State Audit Court and composed of 3 judges selected by lots from among the members of the Court. For the duration of their period in office, the comptrollers may not take on or carry out any other offices or functions.

88. The Board of Comptrollers uses the services of nine auditors and, as needed, support staff from the State Audit Court (employees of the Court who have been appointed following a public competitive examination).

89. It has no powers of inspection, but may demand clarifications and extra documentation from parties if the results of its audits suggest that they are in breach of the rules for the financing of election campaigns.

90. The Board of Comptrollers has powers to impose sanctions. These may be direct or indirect and are imposed by the Presidents of the two Houses.

Regional Electoral Guarantee Board (Article 13, Law No. 515/1993)

91. The Regional Electoral Guarantee Board verifies the accuracy of candidates' election reports.

92. It is instituted at the Court of Appeals or, in the absence thereof, at the Main Court of First Instance of the regional capital. It consists of the President of the Court of Appeals or of the Court of First Instance, who chairs it, along with 6 other members appointed by the Chair for a period of 4 years, and is renewable once. Half the members are drawn from ordinary judges and half from among persons enrolled for at least 10 years in the National Register of Accountants or who are tenured university professors of legal, administrative or economic subjects. In addition to regular members, the Chair also appoints 4 alternate board members, two of whom are judges and two accountants/professors, as indicated above. The following persons may not be appointed either as regular or as alternate members of the Board: members of the national parliament, members of the European Parliament, members of regional, provincial and municipal councils and members of the local governments; anyone who was a candidate for the Board membership in the previous 5 years, anyone with management positions and executive responsibilities at any level in a political party, and anyone who has held a post on the Board membership in the previous five years.

93. To fulfil its functions, the Board uses members of staff in service at the Chancellery of the Court of Appeals or Court of First Instance. The Board may ask the appropriate public offices, including the Communications Regulatory Authority, for any information pertaining to its work. To carry out its inspections, the Board also makes use of the auditing and supervisory services provided by the Financial Administration of the State.

94. Any voter is entitled to file a complaint, within 120 days of the elections, with the Board concerning the accuracy of the relevant election reports.

95. The Regional Electoral Guarantee Board has powers to impose sanctions. These may be direct or indirect and are imposed by the relevant House of Parliament or regional council.

Communications Regulatory Authority

96. The Communications Regulatory Authority is responsible for the reimbursement and control of the public funds received by party newspapers.

97. The Authority is composed of 8 commissioners, 4 of whom are elected by the Chamber of Deputies and 4 by the Senate. The chairperson of the Authority is appointed by the President of the Republic on the recommendation of the President of the Council of Ministers. The Authority operates with full autonomy and is independent in its judgement and evaluations. It draws on the expertise of a special body of Financial Police (*Guardia di Finanza*).

98. As regards the validation of costs, which is important for the purposes of calculating the amount of the public funding provided, beneficiary publishing enterprises are required to submit cost statements certified by auditing companies.

99. The Unit for Information and Publishing at the Office of the President of the Council of Ministers may decide to order specific inspections by the Financial Police, if the auditing work detects inconsistencies in the stated costs. The aforementioned Unit is also the responsible body to impose sanctions, but only after the funding has been allocated, if infringements occur.

Summary table on reporting and control requirements over political finances

	Type of report	Internal control	External control
Political party	Annual financial report (only for those parties receiving public funds)	Auditor	Board of Auditors (only procedural, no inspection powers)
	Campaign report	No auditor	Board of Comptrollers (only procedural, no inspection powers)
	Joint statements on donations	No auditor	Chamber of Deputies (only for filing purposes)
Candidate	Election statement	Electoral agent	Regional Electoral Guarantee Board (only procedural, no inspection powers)
Party newspaper	Annual financial statement	Auditor	Communications Regulatory Authority
Parliamentary group	No financial statement	No auditor	No

Publication requirements

100. The Board of Auditors draws up reports on its audit activities for the presidents of the two Houses. The law does not require the publication of these reports. They are nonetheless subject to the rules regulating access to administrative documents. Accordingly, anyone with a legitimate interest can peruse the reports and make copies of them. Under the internal regulations of the Chamber of Deputies, it is assumed that acting members of Parliament and journalists automatically have a legitimate interest in such reports.

101. The reports produced by the Board of Comptrollers of Election Expenses are public. At present, these reports are also published on the website of the State Audit Court.

102. The Regional Electoral Guarantee Board is not required to draw up reports. Whereas the election spending statements of candidates are freely available for consultation by citizens, the proceedings of the Board are not.

Publication of relevant reports on political finances

Type of report	Responsible for publication	Means of publication
Party/candidate report		
Annual financial report	Political party	Two newspapers
	Chamber of Deputies	Official Journal
Campaign report political party	Court of Appeal	Upon request, at the premises of the Court of Appeal
Election statement candidate	Regional Electoral Guarantee Board	Upon request, at the premises of the Court of Appeal
Annual financial reports of investee companies, newspapers publishers and companies held through trustees or intermediaries	Chamber of Deputies	Official Journal (and also available in the annual financial reports of the respective parties)

Type of report	Responsible for publication	Means of publication
Party/candidate report		
Joint statements on donations	Chamber of Deputies	Available for consultation at electronic archive of Chamber of Deputies
Audit report		
Annual financial report	Board of Auditors no obligation to publish	Access granted through access to administrative info provisions, if legitimate interest proved
Campaign report political party	Board of Comptrollers	Website State Audit Court
Election statement candidate	Regional Electoral Guarantee Board not required to draw audit report	

Reporting to law enforcement agencies

103. If, in the course of its control activities, any of the supervisory authorities (Board of Auditors, Board of Comptrollers, Regional Electoral Guarantee Board, Communications Regulatory Authority) detects acts of a criminal nature, it reports them to public prosecution or the police, in accordance with Article 331 of the Code of Criminal Procedure (obligation to report suspicions of crime).

(iii) Sanctions (Article 16 of Recommendation Rec(2003)4)

Criminal sanctions

104. There is a specific criminal offence for illegal political funding (Article c, Law No. 195/1974). In particular, no funding or donations in any form is allowed from public bodies, local authorities or companies in which a public body has an equity investment of more than 20% or from subsidiaries of such companies. Also outlawed are all forms of direct or indirect funding and donations by corporations not included among those specified above, unless the funding or donations have been duly decided by the relevant management body of the contributing company and are properly entered in its financial statements. Any person who gives (donor) or receives funds (recipient of donations) in breach of these rules shall be punished with imprisonment from six months to 4 years and fined up to 3 times the value of the illicit funds given or received.

Administrative/civil sanctions

Sanctions to political parties

105. Infringement of the rules on financial reporting is punishable by the suspension of any electoral reimbursements to which the parties are entitled (Article 8, Law No. 2/1997).

106. Infringements of the regulations on election spending outturns are punishable by different sanctions that vary in accordance with the nature of the infringement (Article 12, Law No. 515/1993):

(a) if political parties fail to submit a final statement of their election expenses, the payment of the election reimbursement shall be suspended until they do so;

(b) if political parties fail to submit a final statement of their election expenses, an administrative sanction shall be imposed in the form of a fine ranging from 51,645.69 EUR to 516,457 EUR;

(c) if political parties fail to indicate the source of their funding in the final statement of their election expenses, a fine ranging from 5,164.57 EUR to 51,645.69 EUR shall be imposed. If a party does not pay the sanction, it is possible to file a suit against the persons who acted in the name of the party (administrators of the party) when they have performed their functions in a criminal or seriously culpable manner (Article 6-bis, Law No. 157/1999)[5].

(d) if parties are found to be in breach of the spending limits, they become liable to a fine that shall not be less than half and not more than three times the amount by which they exceeded the limit.

107. The responsible bodies for imposing sanctions for the aforementioned infringements are the President of the Chamber of Deputies (elections for Chamber of Deputies, European Parliament and regional councils) and the President of the Senate (elections for Senate), each with reference to his/her scope of competence.

108. Neglecting or delaying the issuance of a joint disclosure statement punishable by a fine ranging from 2 to 6 times the amount of the undeclared donation (Article 4, Law 659/1981). The responsible authority for imposing such a sanction is the relevant Prefect.

Sanctions to candidates

109. The following sanctions apply for violations of the regulations on the reporting of candidates' election expenses (Article 7, Law No. 515/1993):

(a) failure to deposit a final statement of election expenses with the Regional Electoral Guarantee Board is punishable with a fine ranging from 5,164.57 EUR to 51,645.69 EUR, as determined by the Board itself;

(b) where individual candidates breach the spending limits, the Regional Electoral Guarantee Board imposes a fine that may not be less than the amount by which the candidate exceeded the spending limit, nor more than three times the amount. Breaches of the spending limits by an amount equal or exceeding twice the permissible amount entail not only the imposition of the fine as described above but also the removal from office of the elected candidate;

(c) in case of the non-submission by a candidate of the required election statement within the prescribed period (i.e. three months after the proclamation of election), the Regional Electoral Guarantee Board, after issuing a formal notice to the candidate demanding the deposit of the statement within the next 15 days, imposes a fine ranging from 5,164.57 EUR to 51,645.69 EUR. A candidate who has been declared elected but still fails to submit the above statement in spite of having received a notification demanding compliance, shall be removed from office;

(d) in case of irregularities in the statement of election expenses, or in case of a failure to identify by name persons who made donations to the candidate, the Regional Electoral Guarantee

[5] To repay the debts of political parties and movements incurred before 3 June 1999, a guarantee provision was set up and funded with 1% of the resources made available. Law No. 157/1999 set up a guarantee provision to repay the debts of political parties and movements accrued before 3 June 1999. Decree No. 31/2007 of the Ministry of Economy has further articulated the repayment mechanisms, as follows:

- interested creditors must submit an application to the Ministry;
- conditions for the operation of the guarantee: (i) the credit must be certain, liquid and demandable; (ii) the credit must have been accrued before 3 June 1999; (iii) creditors must have exhausted all the procedures relating to forcible collection of other types of guarantees by political parties.

Board, having completed the relevant inspection procedures, imposes a fine ranging from 5,164.57 EUR to 51,645.69 EUR.

110. The Regional Electoral Guarantee Board is responsible for imposing sanctions in relation to infringements of rules on election statements of candidates.

111. For the purposes of declaring a candidate removed from office, the Regional Electoral Guarantee Board informs the relevant House of Parliament or regional council that it has conclusively ascertained infringements of the law, and the House of Parliament or regional council, following its own rules of procedure, then sees to the removal of the member from his or her office.

Sanctions to party newspapers

112. The Unit for Information and Publications of the Office of the President of the Council of Ministers may impose sanctions, but only after funding has been allocated. The sanctions are determined by ordinary civil law and therefore consist of: mandatory repayment of funds received plus interest and the adjustment of the monetary value of companies that have breached regulations relating to the corporate audits and laws on the affiliation of separate companies.

Sanctions to parliamentary groups

113. There are no specific sanctions relating to contributions to parliamentary groups.

Summary Table on sanctions for infringement of political financing rules

Type of infringement	Applicable sanction	Infringer sanctioned	Sanctioning body
Criminal			
Illegal political funding (donations from prohibited sources)	Imprisonment from 6 months to 4 years and Fine up to 3 times value of illicit funds given or received	Donor and receiver of donation	Judge
Administrative/civil			
Non submission or irregular submission financial report	Withholding of public funds	Political parties and movements	President of Chamber of Deputies/Senate
Non submission campaign report / election statement	Withholding of public funds until submission	Political parties and movements	President of Chamber of Deputies/Senate
	Fine 51,645.69 to 516,457 EUR	Political parties and movements	Board of Comptrollers
	Fine 5,164.57 to 51,645.69 EUR	Candidates	Regional Electoral Guarantee Board
	Removal from office (if not submitted within new notified deadline)	Candidates	Relevant House of Parliament or regional council
Failure to indicate financing source or irregularities in campaign report / election statement	Fine 5,164.57 to 51,645.69 EUR	Political parties and movements / candidates	Board of Comptrollers/ Regional Electoral Guarantee Board

Type of infringement	Applicable sanction	Infringer sanctioned	Sanctioning body
Breach expenditure limits	Fine no less than half and no more than 3 times excess of expenditure cap	Political parties and movements / candidates	Board of Comptrollers/ Regional Electoral Guarantee Board
	Removal from office (If excess twice expenditure limit)	Candidates	Chamber of Deputies/Senate/regional council
Non or late submission joint declaration statements	Fine from 2 to 6 times amount of undeclared donation	Political parties and movements / donors	Prefect
Violation of rules on corporate audits and on affiliation of separate companies	Mandatory repayment of funds received plus interest	Party newspapers	Unit for Information and Publications of the Office of the President of the Council of Ministers
	Adjustment of monetary value of companies		

Appeal mechanisms

114. Appeals against criminal/administrative/civil sanctions for infringement of political financing rules are possible before the competent judicial authorities.

Statutes of limitation

115. The statute of limitations for the criminal offence of illegal political funding is 6 years.

116. There is no statute of limitations for violations of the rules on financial reporting by political parties.

117. For sanctions concerning violations of the rules on electoral spending and reporting, the right to demand payment of the applicable fines lapses within 5 years from the date on which the violation occurred. The limitation period may be interrupted, as prescribed by the applicable rules of the Civil Code (Articles 2943 and 2944). Furthermore, the obligation to pay a sanction shall lapse if no notification has been communicated within 90 days of the date on which the infringement was ascertained.

Immunities

118. The law does not provide any special immunity protection in matters relating to political funding. That said, Article 68 of the Constitution accords members of Parliament absolute immunity from prosecution in the civil or criminal court for opinions they express or for votes they cast in the exercise of their functions (non-liability). Without the authorisation of the parliamentary assembly to which he or she belongs, no member of Parliament can be subjected to personal searches or searches of his or her property, and may not be arrested or deprived of personal liberty or held in detention unless in execution of a final court sentence against which no appeal may be made, or unless caught committing a crime for which there is mandatory arrest of perpetrators caught in the act. Similar authorisation is required for the interception of conversations or other communications in any form of members of Parliament and for the interception of their correspondence.

Statistics

119. From 1997 to 2009, 91 political parties have been found in an irregular position as regards their annual financial statements. Only 6 of them, however, have actually suffered the effects of the sanction of suspension of electoral reimbursements because they were still beneficiary of them (having accrued annual instalments after the notification of the irregularity/ies in question). Because of that sanction, such parties may not receive the relevant reimbursements until full regularisation of their financial reports. The remaining 85 parties, having received before the notification of the relevant irregularity/ies, all the annual instalments of reimbursements owed to them (e.g. the fifth and last instalment) and not having accrued other ones as a result of participation in subsequent elections (e.g. because they are now extinct or have not reached the necessary statutory threshold for new reimbursements), do not actually suffer the adverse effects of the penalty described (i.e. suspension of electoral reimbursements).

120. As for sanctions concerning the violation to file joint declaration statements, in 2009, 4 judicial proceedings were concluded and 3 are still pending.

121. Concerning sanctions for illegal political funding, in 2009, 1 judicial proceeding was concluded and 5 are still pending.

122. The Court of Audit reports that, since 1996, it initiated 7 administrative proceedings to withhold public funding for failure to submit a financial report by political parties which were entitled to public funding. Upon receipt of documentary supplements, 6 political parties were then provided with the withheld public funding. With regard to fines for failure to provide a financial report by political parties not entitled to public subsidies, 17 administrative proceedings were initiated, of which only 9 ended with the effective application of the sanction. In particular, the fine applied amounted to 51,645.70 EUR. Finally, 1 enforcement proceeding was initiated against a political movement that, in submitting the final report, had failed to indicate the sources of funding used during the election campaign. This proceeding was concluded with the imposition of a fine of 5,164.57 EUR.

III. ANALYSIS

123. In the 1990s, a series of notorious scandals concerning the illegal financing of political parties shook Italy. The 1992-1993 scandals known as “Tangentopoli” (Bribesville), and the citizens’ demands for greater accountability of the system which led the so-called “Referendum Movements for electoral reform” brought about, not only changes to the electoral system, but also to the regulation of party financing. The lessons learned from the past have certainly helped to introduce several positive features in the system, including, by setting in place accounting, recording and reporting requirements for both parties and candidates and thereby strengthening financial discipline in this area. However, the GET is of the firm view that further reform of political financing is now pressing since the applicable legislative and institutional framework suffers from some blatant deficiencies as compared to the standards of Recommendation Rec(2003)4 on Common Rules against Corruption in the Funding of Political Parties and Electoral Campaigns under review.

124. The GET noted, from the interviews held on-site, that there is a broadly shared opinion, among public authorities with responsibilities in this field, but also among the different political forces, that changes are necessary to improve transparency of political finances, to tighten public control and enforcement mechanisms, and, by doing so, to enable a better level playing field for all political contestants. In such a context, the GET particularly values some of the initiatives

launched by political parties themselves to go sometimes beyond what is strictly required by law in order to better develop internal control systems (e.g. by resorting to external independent auditing companies to review party accounts) and corruption prevention mechanisms (e.g. development of codes of conduct, publication of accounts on parties' websites, transparency of membership fees, rules on local branches). The GET considers that it is now time to move further in this area, to make the good practice that some parties apply on their day-to-day activity legally binding, to minimise corruption risks and to strengthen public trust in political parties by increasing openness of political accounts, notably by enabling more efficient ways of control to detect irregularities and by resorting to effective sanctions when malpractice occurs.

125. In particular, and from the start, the GET highlights that the weakest area in the regulation of party funding in Italy relates to the control mechanisms currently in place. The internal control and financial discipline developed by parties themselves varies considerably in practice and depends on each individual party in the absence of specific legal requirements. The oversight role that private citizens can play is very limited since information cannot be accessed in a truly meaningful and timely manner: the information released on political finances comes in aggregated figures and is often published too late after the financial period of reference. Furthermore, the control performed by public authorities is very fragmented, with three different institutions having been entrusted with essential overview responsibilities in this field, with very little communication occurring among themselves, and all three sharing limitations as regards the type of control they are empowered to perform (i.e. formal rather than substantial), as well as their inspection and enforcement prerogatives. Given the dispersed and narrow monitoring role that public authorities can play over political finances, the fact that internal control of political parties highly varies in practice and very much depends on the rigour applied by each party itself, and, finally, that the type of oversight that citizens may undertake is limited due to some practical publicity constraints, the result is that the current control performed over the finances of political parties and candidates is notably deficient. While the control performed by the public monitoring bodies dealing with party funding is too narrow and largely inefficient in practice, prosecutors and judges are playing an invaluable role in identifying corruption around political parties; however, also in this area the impact of their action is limited by the shortcomings already identified with respect to the sanctioning regime of corruption offences in penal law, as described in the report on Theme I – Incriminations (Greco Eval III Rep (2011) 7E, Theme I).

Regulatory framework on party funding: general rules and definitions

126. The current regulatory framework on political financing is complex and dispersed in several legislative instruments (over ten different laws), which have been subject to various amendments adopted over the last four decades. The interlocutors met by the GET referred to the "stratification" of norms in this area (depending on the political actors concerned, types of public funds granted, territorial levels, etc.) and their ad-hoc basis. Most interviewees agreed that the lack of uniformity in legislation was a clear handicap regarding the transparency and effectiveness of the party funding system. The GET concedes that the current situation is far from ideal and impinges on proper implementation and effectiveness of the law since it makes it cumbersome for actors subject to obligations, and also for the general public, to have a holistic view of the applicable rules in this domain. Far-reaching reform, in close consultation with political parties, allowing for consolidation of the applicable rules concerning political financing and assuring their consistency, effectiveness and comprehensiveness is clearly required.

127. Furthermore, a striking feature of regulation in this area is the absence of legal provisions concerning the establishment and legal status of political parties. In Italy, political parties and movements have no legal personality and are not required to be recognised nor registered. The

lack of rules has been traditionally explained by reference to the principle of freedom of association, as enshrined in Article 49 of the Constitution. The GET discussed this state of affairs with the interlocutors met on-site, including party representatives, most of whom admitted that this legal vacuum needed to be addressed; legislative proposals had been tabled to this effect and Parliament has begun to debate them. The GET considers it of pivotal importance that the regulatory framework defines the legal status of political parties, with the clear understanding that any regulation in this area would not impinge on the vibrant reality of political activity in Italy, the activities and rights of political parties, but rather ensure full protection of rights relevant to their internal functioning and increase transparency of their operations vis-à-vis the public at large. Moreover, it is reasonable that, since parties benefit from significant public funding (reportedly over 80% of their income), the State, and the public, are to be provided with basic information regarding party structures and activities (e.g. statutes, responsible persons, etc.).

128. Another loophole in legislation relates to the lack of a clear definition of the accounting and financial reference period applicable to election campaigns which would help to closely reflect the financial activity during this period. This in turn generates some interpretative dilemmas for the responsible monitoring bodies. For example, the Court of Audit, in its latest report concerning control of campaign expenditure (2009), reflects on this specific point when it considers that the period which is commonly accepted as campaign period, i.e. two months before the elections are called by decree of the President of the Republic and two months after the polling day, needs to be reconsidered, in order to account properly and strictly for campaign expenditure, and clearly specified by law.

129. Moreover, current legislation (i.e. Law No. 515/1993) does not deal in a systematic manner with elections to the European Parliament. Disclosure and auditing requirements (i.e. the submission of a final statement of election expenses and sources of funding) are applicable to political parties concerning elections to the European Parliament, but the relevant sanctioning regime, if failure to comply with the law occurs, does not apply. Individual candidates are not subject to any reporting or auditing requirement in this type of election. Spending limits have not been fixed for European Parliament campaigns. The GET has difficulty in understanding why if public funding is also involved in elections to the European Parliament, parties and candidates are not subject to comparable transparency, control and sanctioning requirements as those applicable to other types of elections.

130. In light of the shortcomings identified above, the GET recommends **to initiate a legislative reform process that provides for (i) rules on the legal status of political parties; (ii) a clear definition of the financial and accounting reference period for election campaigns; (iii) transparency, control and sanctioning requirements concerning elections to the European Parliament which are comparable to those pertaining to other types of election; and (iv) a systematised, comprehensive and workable legal framework for the financing of political parties and candidates, including by considering the consolidation of the applicable rules within a single piece of legislation.**

Transparency

131. The GET notes that a practice of bookkeeping and related accountancy requirements is now in place for political parties. Moreover, the guiding role played by the Board of Auditors is apparently improving little by little the quality of the financial reports submitted by political parties concerning their annual accounts. Likewise, candidates can only raise funds through dedicated campaign accounts handled by an election agent. In the GET's view, such financial discipline, if

exercised in a responsible and consistent manner, can only be an advantage for the success of the future reforms of the system.

132. As for the income that political actors receive, this heavily relies on public funding (see also table, paragraph 18). From 1974 and until 1993, the granting of public funds to political parties referred to routine party activity and campaigning. Following the serious and generalised irregularities in party funding uncovered in the early 90s, and since 1993, public funds are distributed in the form of reimbursement of campaign expenditure; political parties no longer receive any public funds for routine activity. According to the available data, political parties receive much more than what they spend during election campaigns: from 1994 to 2008 political parties have reported a total expenditure of 570,000,000 EUR, while they have received 2,253,612.233 EUR. There is a difference of 1,674,612.233 EUR in the aforementioned numbers. During the on-site visit, the authorities indicated that some parties had received 400% more than what they have actually spent. This is explained by the fact that, in Italy, public funds for electoral expenditure are allocated in relation to the votes obtained by a political party, rather than in relation to the expenditure effectively incurred. That said, campaign expenditure is capped on the basis of the number of eligible voters living in the relevant constituency. Other than the aforementioned limitations, the use that political parties make of the public funds received is not conditioned: political parties can make any use of the public subsidies granted. There is no control on how public funds are spent. There is an obvious disparity between the public monies that political parties receive for what, in theory, is aimed to cover campaign expenditure and that which they are allowed to spend by law for that same purpose, according to the applicable campaign expenditure limits. The GET refrains from issuing a recommendation in this respect since it is for the authorities to decide at which level public funding is to be provided to political parties, but some reflection on the *de facto* disconnection between the applicable rules on campaign reimbursement and expenditure caps seems necessary. In particular, the GET is of the view that, since, in reality, the public funds provided to political parties are applied by these not only to cover campaign expenditure, but also their routine activity, the transparency and control requirements for the latter type of activity need to be significantly strengthened, in line with recommendations iv (paragraph 137) and vi (paragraph 144) below. The GET also learned that, until recently (2006), parties were able to benefit from accrued funds: they were able to accumulate electoral reimbursements if legislatures were disrupted; this situation has fortunately now been remedied.

133. Insofar private donations are concerned (whether from a physical or a legal person), these are not capped at any level. Nevertheless, there are some limitations in place, including a ban on cash donations over 1,000 EUR; a ban on companies which are publicly held or have a public share exceeding 20% to donate to political parties; and a requirement for any corporate donation made to be approved by the board of directors and to appear in the company's annual report. As for disclosure of donations received by an individual donor, the threshold is set at 20,000 EUR and 50,000 EUR for donations received by candidates and political parties, respectively. The GET has some misgivings regarding the transparency of the private money received by parties/candidates. In particular, the GET discussed with the interlocutors met what was the practice of political parties concerning cash donations of less than 1,000 EUR. Most of them indicated that they were issuing receipts and recording details of the donation (amount, identity of the donor and the date on which the donation was made) in their internal books, unless the contribution was of a very small value and spontaneously collected in the context of a rally activity. However, they also acknowledged that, at present, there is no legal requirement to ask for the identity of those making a contribution of less than 1,000 EUR, nor a general ban on anonymous donations. In the GET's view, the rules on disclosure of donations need to be clearer and more demanding in order to meet their purpose. Moreover, the current disclosure thresholds

are too high and can obscure the provenance of the relevant private donations – which runs counter full transparency of party funding. The GET recommends **to (i) introduce a general ban on donations from donors whose identity is not known to the political party/candidate; (ii) lower the current threshold of donations above which the identity of the donor is to be disclosed, namely, 20,000 EUR for donations made to individual candidates, and 50,000 EUR for donations made to political parties, to an appropriate level.**

134. When looking at the limitation for companies publicly held or with public stake of over 20%, the GET notes that the law remains silent concerning companies which have been awarded public sector contracts or subsidies. In this connection, the GET draws attention to Article 5(b) of Recommendation Rec(2003)4 on Common Rules against Corruption in the Funding of Political Parties and Electoral Campaigns advising States to take measures aimed at limiting, prohibiting or otherwise strictly regulating donations from legal entities which provide goods or services for any public administration. The GET recalls that other GRECO member States have introduced specific rules to limit donations from enterprises that have signed contracts with public authorities, in order to avoid the so-called "pay-to-play" situations, i.e. concealed or selective means of public funding by awarding service contracts as a payback for campaign contributors; inspiration can be drawn from the experiences and regulatory models of such countries. While refraining from issuing a recommendation in an area which does not fall within the scope of evaluation of this review exercise, the GET can only call upon the Italian authorities not to miss the opportunity, in any future reform of the system of political financing, to regulate this important matter which could well generate significant corruption risks.

135. There is also a need for greater transparency with respect to the full scope of activities of political parties. Parties are not required to prepare financial statements in a consolidated form; therefore, at present, the financial reports submitted by political parties do not provide a complete overview of their financial activities. This is not in line with Article 11 of Recommendation Rec(2003)4 on Common Rules against Corruption in the Funding of Political Parties and Electoral Campaigns which addresses the need to consolidate the accounts of political parties. There is no obligation for political parties (nor current practice in this respect) to reflect in their accounts the financial activity of local branches. While it may be too much of an administrative burden on small party branches to report back to the party headquarter, the lack of data as to how local branches raise and spend their funds opens up the possibility to escape administrative control and public scrutiny. This state of affairs acquires notable relevance with respect to those branches operating in constituencies of a significant size. Risks of corruption could be particularly high in such constituencies given the magnitude of economic operations occurring at local level (e.g. licensing, procurement procedures, urban planning, etc.). It also appears that parties are not required to record in their accounting documents information on entities that would be related, directly or indirectly, to them or that in one way or another would be under their control (e.g. political foundations or associations). Difficult questions also arise in respect of parties' links with parliamentary groups (party groups in the parliamentary chambers, and regional, provincial and city councils). As a matter of fact, while these groups receive substantial public funding (i.e. 98,000,000 EUR/year for both the Chamber of Deputies and the Senate – split as follows: 54,000,000 EUR for parliamentary groups and 30,000,000 EUR for individual Members of Parliament), they are not subject to any reporting obligation and are, therefore, not subject to public control[6]. Finally, the GET was told that it was not unusual for parliamentary groups to pay for party activities, such as expert advice, office rental and the hiring of secretarial support. The GET recommends **(i) to seek ways to consolidate the accounts of political parties so as to**

[6] The Italian authorities indicated, after the on-site visit, that new regulations are on the pipeline to require individual Members of Parliament to provide supporting documentation for half of the public subsidies they obtain, which are to be considered as expenditure reimbursements.

include local branches; and (ii) to take measures to increase the transparency of income and expenditure of (a) entities, related directly or indirectly, to political parties or otherwise under their control; and (b) parliamentary groups.

136. In general, information on party and campaign finance (including details of private donations and expenditure) is not provided in a way which would facilitate easy and timely access by the public. There is a substantial lack of detail in the information parties report in the current system. Numbers are too global: they are displayed in an aggregated manner as a total sum for each of the main sources of income (e.g. membership fees, donations, etc.), so it could become quite easy in practice to conceal the actual flow of money. The GET heard allegations of instances of undisclosed contributions and fake balance sheets of political parties. Furthermore, information on political finances or/and election campaigns does not always follow, in a timely manner, the financial reference period for which parties report.

137. The oversight role that the media and private citizens could play in this domain, which is of vital importance in a functioning democracy, is further thwarted by the complexity of the system – with reports being filed and published by different institutions and by using different methods, some of which require physically going to the premises of the institution holding the information to request access to it. It goes without saying that the routine disclosure of information is the cornerstone for ensuring transparency of political funding. In Italy, what the general public and the media see is aggregated information (not readily understandable) that comes late in the process; for this reason, the GET is doubtful that the information released is meaningful enough to help identify questionable financial ties and possible corruption in the party funding system. Consequently, the GET recommends **to (i) elaborate a coordinated approach for the publication of information on party and campaign finance; (ii) ensure that such information is made available in a coherent, comprehensible and timely manner and thereby provides for easier and meaningful access by the public, including by making best use of internet publishing.**

Supervision

138. As already stressed, there is an urgent need, acknowledged by virtually all interlocutors during the on-site visit, to make more effective the current system of control.

139. The internal control and financial discipline developed by parties themselves highly varies in practice, in the absence of specific legal requirements; while some parties have fairly developed systems of internal verification of accounts, others rely on more rudimentary accounting systems and do not perform any subsequent audit. In this connection, the GET noted that there is no legal requirement concerning the independence and professional qualifications of those entrusted with auditing the accounts of political parties and candidates. Only one of the political parties met by the GET had recourse to a private external auditing company to verify its accounts. The GET has already emphasised how crucial it is for the credibility of the entire system that verification mechanisms be developed and effectively implemented. Audits of party finances, if independently and effectively performed, would serve to facilitate the monitoring task of public bodies further down the line. The development of specific legal requirements for political parties to have their accounts certified by a professional auditor would undoubtedly reinforce their financial discipline and further decrease possibilities for corruption. Therefore, the GET recommends **to (i) introduce clear and consistent rules on the audit requirements applicable to political parties; (ii) ensure the necessary independence of auditors who are to certify the accounts of political parties.** The GET acknowledges that audit requirements need to be combined with flexibility in relation to the different means and needs of the various

parties, in particular, to avoid overly cumbersome procedures in respect of small parties with little or no administrative means.

140. The supervision performed by public authorities over political finances is too fragmented to gain a holistic view of political accounts and thereby guarantee a veritable check of these accounts. There are three separate bodies with competencies in this field: (i) the Board of Auditors in Parliament checks annual financial reports of political parties; (ii) the Board of Comptrollers of the Court of Audit verifies electoral expenditure of political parties; (iii) the Regional Electoral Guarantee Board checks electoral expenditure of candidates. The GET has serious misgivings about this piecemeal approach to monitoring political finances, all the more since, in practice, it is difficult to differentiate between routine and campaign activities, as well as the related income and expenditure. In this connection, the GET is concerned that the responsible authorities have established few or no communication and cooperation channels to exchange information on their activities, their findings and their concerns and to better coordinate their action in this field. The GET was told that GRECO's Third Round Evaluation visit was the first time in which all three authorities were sitting together at the same table to discuss the matter.

141. The GET further notes that the jurisdiction and scope of competence of the authorities concerned is rather narrow. They all share, however, some important constraints: under the existing laws, they have no inspection powers, and the type of control they perform is purely formalistic. At present, control generally consists of checking whether the balance sheet and the invoices and bills match; the authorities lack the required powers and resources to verify whether the amounts reflect the actual income and expenditure of political actors. As one of the interlocutors met by the GET observed: "parties know how to prepare acceptable reports, so that dubious transactions remain well hidden".

142. The GET is also concerned about the ad-hoc nature, limited mandate and lack of cooperation of the responsible monitoring bodies. In particular, the Board of Comptrollers is instituted within the Court of Audit for a period of 6 months (with the possibility of extension of up to 3 months); it is composed of 3 judges selected by lots among the members of the Court who can be assisted by auditors and support staff. The Board of Auditors is composed of 5 independent auditors who exercise their mandate during a given legislature. The Regional Electoral Guarantee Board, which is instituted at the Court of Appeals or the Court of First Instance, serves for a period of 4 years, which can be renewed once. The ad-hoc nature of these bodies brings about several problems relating to the lack of continuity of its activity. This is especially true in the case of the Board of Comptrollers of the Court of Audit, given its particularly short term of tenure. The latter has reflected more than once on the difficulty to build up expertise. Another important disadvantage is that, in the case of concurrent elections, two different Boards of Comptrollers have to be appointed, with inevitable detrimental consequences for the coordination of the oversight process. Likewise, there could well be ongoing infringement procedures, launched against certain political parties by a particular Board of Comptrollers of the Court of Audit and in which such a Board no longer plays any action; these are situations in which the advisory role that such a Board could play in the proceedings could be quite valuable.

143. In addition, there is much room for closer co-operation with the tax and law enforcement authorities. In this connection, the existing monitoring authorities could adopt a more pro-active approach to the investigation of financial irregularities. At present, the monitoring bodies are not cross-checking figures with other State bodies that may have pertinent information. If/when irregularities are unveiled, they are usually sorted out in cooperation with the political party concerned – a process which can go back and forth until the irregularity is rectified or the numbers match. What cannot become unequivocally clear in this process is whether the final

figures constitute a true representation of party finances or whether they are rather an artificial result to prove compliance. In this context of inconsistent and formalistic control, the GET positively values the initiatives developed by judges and prosecutors with a view to uncovering illicit party financing practices. The law enforcement bodies met on-site indicated that none of the monitoring bodies had ever alerted them to irregularities concerning political finances; they were, however, able to uncover illicit activity around political parties when investigating connected offences. The GET notes that most of the corruption scandals brought to light in the early 90s through the *Tangentopoli* process had a heavy illicit party financing component.

144. In light of the serious shortcomings identified above, the GET recommends **(i) to provide a leading independent body assisted, if appropriate, by other authorities, with a mandate, tenure stability, adequate powers and resources to carry out a pro-active and efficient supervision, investigation and enforcement of political finance regulations; (ii) until that occurs, to ensure that the existing institutions with current responsibilities develop a practical working arrangement for the effective implementation of party and campaign funding rules; and (iii) to strengthen the cooperation and coordination of efforts on an operational and executive level between the authorities entrusted with the supervision of political finances and the tax and law enforcement authorities.**

145. On a positive note, the GET wishes to stress that there is a much better system of reporting and control already in place in the field of party newspapers receiving public funds. Although there are no provisions on how these funds are to be used, hence no procedures to check how they are spent, the Information Department of the Council of Ministers (which operates as an independent technical body) has accrued significant experience that allows for suspicions to emerge even with the formal reading of financial statements. Channels for effective cooperation and data exchange with the *Guardia di Finanza* have also been put in place, with inspections and occasional checks carried out by the latter in a number of cases. If frauds are detected money can be retracted with interest. The current mechanism of control of political newspapers appears to work quite efficiently in practice; a number of lessons can be learned from this model when improving the control of party funding.

Sanctions

146. The available sanctions for infringements of political party and electoral funding rules are scattered among various laws. While imprisonment up to 4 years for illegal party funding is provided for under Law No. 195/1974, administrative sanctions such as suspension of electoral reimbursement and imposition of fines are regulated under Law No. 2/1997, Law No. 515/1993 and ordinary civil law (for party newspapers). Likewise, various authorities have been given the authority to impose sanctions on political parties and candidates. Besides the problems that are connected with this patchy and dispersed legislative and institutional structure, as described in this report, the GET must stress that there are other significant shortcomings of the existing regime of sanctions. These shortcomings relate in particular to the rather limited catalogue of available sanctions (many potential corrupt political finance activities are not defined by law) and their lack of adequacy to the infringement committed.

147. First of all, the coverage of the sole criminal provision regarding illicit funding is limited. Pursuant to Article 7 of Law No. 195/1974, the donor and the recipient could be held criminally liable only if the donations meet certain conditions specified in the article, i.e. when the donation comes from public bodies, local authorities or companies in which a public body has an equity investment of more than 20% or from subsidiaries of such companies, or from corporations whose management body has not approved the donation or which did not enter the contribution into its

financial statement. The authorities met by the GET stated that the offence of illicit party funding is generally the tip-off concerning other crimes such as c*oncussione*[7] or corruption, thus there is apparently little possibility for offenders to go unpunished in the event of other illicit material acts. Even understanding the reasoning of the authorities, the GET is convinced that a broader coverage of the offence of illicit party funding will be more dissuasive and effective since conviction of someone who is related to a political party for illicit party funding would also have an adverse effect on the party's image and would diminish the possibility to claim that the convicted person acted autonomously.

148. When it comes to the administrative penalties specified in several laws, the GET is of the view that they are neither dissuasive nor effective and proportionate for several reasons. Firstly, there are no sanctions foreseen for all potential receivers of public funds or all type of elections. In particular, parliamentary groups of political parties benefiting from substantial State funding fall out of the loop of the current control and enforcement mechanisms (see also paragraph 135). Likewise, no administrative sanctions are currently applicable for irregularities occurred in the context of European elections. Secondly, there are no sanctions in place for individuals with direct responsibilities in key obligations of the applicable party funding rules, e.g. treasurers or election agents (*mandatario*). Thirdly, the withholding of public funds (electoral reimbursement) which is the most common measure (used 91 times from 1997 to 2009) and which is decided when a party fails to submit a financial report, a campaign report or an election statement, is lifted (and all due amount paid out) once the report is completed. The Court of Audit has also highlighted in its annual monitoring reports the unfairness of monetary sanctions for failure to submit financial reports: on one hand, political parties which continue to benefit from public subsidies are given the possibility to rectify their reports; until they do so, the sanction imposed to them, i.e. the withholding of public funds, has a mere preventive and provisional nature. On the other hand, those political parties which lose the right to public funds (because they did not obtain sufficient votes) receive a fine which in itself is a final measure and they have no right to rectify the situation. The situation described above gives rise to a clearly discriminatory regime between parties that are entitled to continue receiving public funds and those which do not qualify for those. Lastly, the maximum amount of the applicable fine, which is fixed at 51,645.57 Euros for failure to indicate the source of income, seems insignificant in a country where the average amount of campaign reimbursements totals 182,558,644.78 EUR. In the light of the foregoing, the GET is of the view that the current sanctioning regime needs to be significantly strengthened and recommends **to review the existing administrative and criminal sanctions relating to infringements of political financing rules in order to ensure that they are effective, proportionate and dissuasive.**

IV. CONCLUSIONS

149. Following notorious scandals concerning the illegal financing of political parties in the 1990s, the system was significantly upgraded to enhance the transparency and financial discipline of political parties. However, a number of important deficiencies need to be tackled as a matter of priority.

150. In particular, the oversight role to be performed by public authorities in this area is fragmented and formalistic, consisting of three different institutions, with key responsibilities, but limited powers and no coordination among themselves or with law enforcement bodies. This results in a rather inefficient system of external supervision of the funding of political parties and election

[7] For details on the offence of *concussione* (Article 317 of the Criminal Code), see the report on Theme I – Incriminations (Greco Eval III Rep (2011) 7 E, Theme I), paragraphs 14 to 18.

campaigns. In such a context, it is essential to establish a clear obligation for political parties to develop their own internal control systems; a requirement to subject party accounts to independent audit would strengthen the credibility of such accounts.

151. Furthermore, the current sanctioning regime is very limited and particularly weak. In practice, sanctions are almost limited to not receiving public funds until formal irregularities in the process of reporting have been rectified. In their current form, sanctions are neither effective, nor proportionate nor dissuasive.

152. More needs to be done to increase the transparency of political accounts, so that they provide clear and comprehensive information on the income and expenditure of candidates, political parties, their related entities (local branches, political foundations and associations, etc.), as well as parliamentary groups. Transparency, control and sanctioning rules in relation to European elections are to be significantly strengthened. It remains critical that further arrangements are introduced to allow the public to have easy and timely access to information on political finances; if information is meaningful enough, public oversight can contribute to identifying questionable financial ties and possible corruption in the party funding system. At present, in Italy, what the general public and the media see concerning the finances of political parties is aggregate information (not readily understandable) that comes too late in the process.

153. The loopholes identified in the existing legislative framework and practice may open up possibilities for abuse and do not provide sufficient tools to effectively detect and unveil potential instances of improper influence in political financing. The implementation of the measures recommended in this report can constitute an important step forward not only to minimising corruption risks, but also to strengthening public trust in political parties and political representation in Italy.

154. In view of the above, GRECO addresses the following recommendations to Italy:

i. **to initiate a legislative reform process that provides for (i) rules on the legal status of political parties; (ii) a clear definition of the financial and accounting reference period for election campaigns; (iii) transparency, control and sanctioning requirements concerning elections to the European Parliament which are comparable to those pertaining to other types of election; and (iv) a systematised, comprehensive and workable legal framework for the financing of political parties and candidates, including by considering the consolidation of the applicable rules within a single piece of legislation** (paragraph 130);

ii. **to (i) introduce a general ban on donations from donors whose identity is not known to the political party/candidate; (ii) lower the current threshold of donations above which the identity of the donor is to be disclosed, namely, 20,000 EUR for donations made to individual candidates, and 50,000 EUR for donations made to political parties, to an appropriate level** (paragraph 133);

iii. **(i) to seek ways to consolidate the accounts of political parties so as to include local branches; and (ii) to take measures to increase the transparency of income and expenditure of (a) entities, related directly or indirectly, to political parties or otherwise under their control; and (b) parliamentary groups** (paragraph 135);

iv. **to (i) elaborate a coordinated approach for the publication of information on party and campaign finance; (ii) ensure that such information is made available in a coherent, comprehensible and timely manner and thereby provides for easier and meaningful access by the public, including by making best use of internet publishing** (paragraph 137);

v. **to (i) introduce clear and consistent rules on the audit requirements applicable to political parties; (ii) ensure the necessary independence of auditors who are to certify the accounts of political parties** (paragraph 139);

vi. **(i) to provide a leading independent body assisted, if appropriate, by other authorities, with a mandate, tenure stability, adequate powers and resources to carry out a pro-active and efficient supervision, investigation and enforcement of political finance regulations; (ii) until that occurs, to ensure that the existing institutions with current responsibilities develop a practical working arrangement for the effective implementation of party and campaign funding rules; and (iii) to strengthen the cooperation and coordination of efforts on an operational and executive level between the authorities entrusted with the supervision of political finances and the tax and law enforcement authorities** (paragraph 144);

vii. **to review the existing administrative and criminal sanctions relating to infringements of political financing rules in order to ensure that they are effective, proportionate and dissuasive** (paragraph 148).

155. In conformity with Rule 30.2 of the Rules of Procedure, GRECO invites the authorities of Italy to present a report on the implementation of the above-mentioned recommendations by 30 September 2013.

156. Finally, GRECO invites the authorities of Italy to authorise, as soon as possible, the publication of the report, to translate the report into the national language and to make this translation public.