

PPI Finance

Activity brief



PIRATE
PARTY UK

Document Forward

This document outlines the actions taken by the Pirate Party UK from July 2013 through to April 2014 and the UK's position on PPI Membership fees.

The actions and expectations were laid out by the UK party in advance, and communicated to interested parties at their request, that distribution included:

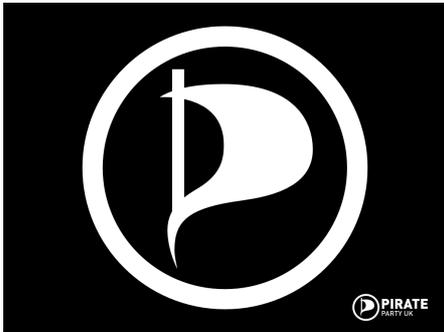
The Pirate Party UK Board of Governors and National Executive and pirates involved in leadership or international coordination across at least 15 Pirate Parties Internationally.

This document was put together rapidly at the request of Muriel Rovira Esteva of Pirates de Catalunya and so is not intended for publication and may contain errors and omissions. It is as accurate as is possible given the timescale.

This document was prepared by the Pirate Party UK international team <international@pirateparty.org.uk>

Introduction & Overview

Competency for international decision making within the UK Party rests with:



- National Executive
- Board (Oversight)
- Membership (Where it impacts on principles, policy or constitution)

Coordination

International Coordination rests with the Campaigns team's international sub-team. Preferred mechanisms for coordination are bilateral discussions and direct support. We work through other organisations where necessary and where they are fit for purpose.

Party view

Current view of the UK NEC is that the Pirate Parties International is not fit for purpose and needs reform, this is due to structural and financial issues. The membership expressed their view on this in July 2013 when it voted on whether the UK should remain a member of the Pirate Parties International.

In the lead up to that vote, several reports came in to the party from Pirate Parties International board members that allowed us to identify many of the issues that need to be dealt with and to begin to address them.

The UK wishes to see Pirate Parties International become an effective coordination organisation for the Pirate movement and to enable national parties to have a voice within transnational and international organisations.

NEC approach

The current UK NEC approach to dealing with the issues we identified is to work through the fundamental organisational issues with Pirate Parties International. This is to include its organisational and legal status, its financial situation and its operations.

So far the UK has:

- Provided IT staff for an IT audit.
- Sought legal advice on Pirate Parties Internationals structure and statutes.
- Held meetings on accounting processes.
- Supplied an accounting process and documentation.
- Offered to establish a bank account on behalf of Pirate Parties International.

As of 11th April 2014, the remaining actions to solve Pirate Parties International's structural and financial have not been carried out by Pirate Parties International board members, this includes returning paperwork for the bank account, answering questions on Pirate Parties Internationals legal status, supplied accounts, tax returns or any open financial information. The apparent loss of Pirate Parties International treasury staff also means we don't know where the Pirate Parties International is with financial processes.

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Pirate Parties International - Initial Approach

After the Membership vote in July 2013 we approached PPI via Gregory Engels and Thomas Gaul with a view of seeing what support we could offer and how we could deal with the issues we had outlined.

UK members also attended PPI board meetings and asked for specific agenda items to address the issues we had identified.

In addition to the issues we had identified (legal basis, finances, transparency) Pirate Parties International also identified the need for an IT audit and support with IT. At that time Pirate Party UK was able to only offer limited IT support given the development and deployment of our own NWP web platform.

Our initial attempts at contact with the PPI treasurer (Marc Tholl) began with a request for contact and an offer of support on the 18th of July 2013. At that time we asked whether PPI could pass the UK copies of any financial procedures plus any work done toward budgets and accounts, under the assumption that those documents would be releasable to members.

At that time we also discussed the issue with PPI finances with Stefan Thoeni who was very supporting and helpful in framing our support. We passed UK financial documents, including one of our departmental budgets and our annual return from 2012 to him at that time (these should be included with this report).

We also had a discussion with interested parties and formulated an approach with specifics to resolving those issues that the UK felt caused reputational harm. I am aware that I spoke to many of you on the phone in July too.

There hasn't been much actual progress though and I am aware that this is the result of many competing pressures within the PPI and on the UK side. However, one would have hoped for more being driven by the PPI board and PPI members.

Initial Objectives.

Area 1. Finance:

We agreed that the following documents and documented processes were to be prepared and verified, - again, the UK party explained and passed over its own processes for this, and our treasurer was at hand for the PPI to work with during this period

The dates where provided, were dates agreed for delivery.:

Budget for 2013

1. Outline Operational Budget (Not delivered as of April 2014)
2. Mandatory (Not delivered as of April 2014)
3. Discretionary (Not delivered as of April 2014)
4. Contingency (Not delivered as of April 2014)

Current Financial procedure (as per statutes)

1. Accounting method (Not delivered as of April 2014)
2. Accounting process (Not delivered as of April 2014)
3. Reporting process (Not delivered as of April 2014)
4. Reimbursement (Not delivered as of April 2014)
5. Mileage & Travel (Not delivered as of April 2014)
6. Notional Accounting (Not delivered as of April 2014)

Initial Objectives.

Accounting for 2013 - Ongoing (Actual)

1. Running Accounts (Not delivered as of April 2014)
2. Oversight (Scope and scale) (Not delivered as of April 2014)
3. Petty Cash (Not delivered as of April 2014)
4. Assets & Merchandise (Not delivered as of April 2014)
5. Depreciation/Write-offs (Not delivered as of April 2014)
6. Debt (Not delivered as of April 2014)
7. Credit (Not delivered as of April 2014)

Recovery Phase (Deferred)

The Recovery phase was deferred as it was of a lower priority than establishing working practices. (Not delivered as of April 2014)

1. Accounts for 2012 (Reconstructed)
2. Income/Expenditure/Balance
3. Accounts for 2011 (Reconstructed)
4. Income/Expenditure/Balance
5. Accounts for 2010 (Reconstructed)
6. Income/Expenditure/Balance

Documentation

The following documentation was to be made available to members by Friday 2nd August – this target was not met.

1. List of bank accounts and balances. (Not delivered as of April 2014)
2. Where they are registered (Not delivered as of April 2014)
3. Who has access (Not delivered as of April 2014)

Incorporation documents as registered.

To deal with the questions of legal standing, we needed assurances about incorporation documents and returns, the following were to be ascertained – essentially whether::

1. They were accurate
2. There was a process for corrections/alteration
3. Annual returns were filed.
4. There were any deficiencies.
5. Whether tax statements had been provided (if appropriate).
6. Whether the PPI had any liabilities.

We also agreed that the following would be carried out:

7. There would be a list of donations and amounts above reporting thresholds (Preferably since 2010) (Not delivered as of April 2014)
8. Reporting thresholds would be defined. (Not delivered as of April 2014)

Initial Objectives.

9. Totals of cash on hand would be reported.
10. List of any creditors and loan amounts would be documented. (Not delivered as of April 2014)
11. List of any debtors and debt outstanding would be produced. (Not delivered as of April 2014)
12. List of transactions where available would be collected. (Not delivered as of April 2014)
13. List of services PPI has had made available to it (but it doesn't pay for) would be made available. (Not delivered as of April 2014)
14. List of services or expenses that PPI has agreed to pay would be made available. (Not delivered as of April 2014)

Again, bar the incorporation documents, and the issues with them (discussed later in this document) very little progress was made.

The following steps must be taken:

We defined the following as urgent first steps:

1. Opening a bank account related to the organisation. (Friday 2nd August) (Not delivered as of April 2014)
2. Establishing oversight of the bank account. (Thurs 25th July to move forward) (Not delivered as of April 2014)
3. Ensuring that any registration documents are up to date. (Friday 2nd August) (Not delivered as of April 2014)
4. Ensuring that any other reporting requirements are in hand. (Friday 2nd August) (Not delivered as of April 2014)

5. Any cash held in previous accounts must be accounted for and transferred.
(Not delivered as of April 2014)

6. Any cash that cannot be accounted for must be reported so that action can be taken. (Not delivered as of April 2014)

The UK took the following steps:

The UK Contacted HSBC - Belgium and had been briefed HSBC offered to point us in the right direction, but this was derailed somewhat by PPIs formal structure.

The UK contacted the Belgian Federale Overheidsdienst to enquire about any statutory requirements and received some broad suggestions, which indicated we should seek (corporate) legal advice.

The UK sought professional legal advice on Belgian law as well as advice on PPI structure.

The UK contacted previous treasurers to discuss issues as they saw them

The UK contacted PPCH regarding potential oversight regimes.

The UK Financial Oversight Committee ("FOC") was put in contact with its PPCH counterpart in the hope that we may be able to work together on mutually acceptable oversight mechanisms independent of PPI/PPUK executive.

The UK international team sought and received a formal commitment from UK Financial Oversight to carry out oversight if required.

The UK presented current situation to the UK NEC and received instructions on moving forward ASAP with an intervention to support financial stability.

The UK Financial Officer ("FO") agreed budgetary split and use of contingency for PPI related costs, subject to financial stability. That is to say, the UK offered to use its cash to support the PPI, if the PPI could show it was able to handle funds.

Initial Objectives.

The UK international team spoke to PPCAT informally canvassing support on the proposals that the UK had put to PPI on finance.

The UK International team contacted 7 Additional PPI members and received supportive comments from all and some support from various specific individuals.

The UK International team also issued an email to all PPI Member parties without obvious telephone or skype contacts to arrange calls to discuss the proposed approaches.

Area 2 - Priorities and Tasking

The goals of the PPI are defined as:

1. to act according to the major interests and goals of its Members,
2. to raise awareness and widen the spread of the pirate movement, and
3. to support the pirate movement and strengthen its bonds internally and externally,
4. to promote and support Human Rights and Fundamental Freedoms.

The mechanisms to meet these goals are defined as:

1. provide for and extend communication between the Members of the association
2. assist in the foundation of new pirate parties,
3. organise and coordinate global campaigns and events,
4. act as mediator or arbitrator for any disputes between Members if requested to do so,

5. share information and coordinate research on the core pirate topics,
6. contact NGO's, administrations and international organisations, and
7. act as a contact centre for the pirate movement.

The feeling from the UK side was that the mechanisms to achieve those aims should probably be revisited. This was not taken further. (Not delivered as of April 2014)

The UK currently feels that PPIs stated remit has shifted somewhat from what its primary objectives are, but this is an issue for PPI members.

Area 3 - Statutory basis

The statues of the PPI need to be looked at in terms of enforceability and acceptability with a view to restructure the organisation in a manner that is functional. Some work on this was carried out, but not to a satisfactory conclusion.

Area 4 - Culture

The culture within internal PPI discussion platforms is abrasive and on occasion abusive. We wanted to find a way of promoting wholesale cultural change to ensure that the organisation could meet its objectives.

We needed to find an effective and clear management from the board to make sure goals are met.

IT Support

On the 22nd of July the UK contacted both co-chairs of the PPI to follow up with them on the need for IT support.

In line with those discussions the UK had agreed with its IT team lead, and put in place an agreement that the UK IT team would carry out an audit of the PPI IT situation with the intent to create a set of priorities for dealing with any issues were are discovered.

We set aside a significant portion of our IT resources to provide this, the organisation of this was to be handled through PPI IT. The UK international team did not see a final report, although we didn't follow it up with our IT team after a number of false starts, in part due to time constraints and in part because this was handed off. Some work was certainly carried out by the UK team on PPI IT hardware.

Progress

Finance

Our discussion with the PPI Board indicated that the PPI board broadly agreed with the problems that the UK highlighted and was keen to deal with them, with the understanding that they will have support from at least the UK.

Given that was the case we set up meetings with the PPI treasurer to discuss implementation of financial processes and to see what support would be required to do so. The chairman of the UK board, (who also sits on the financial oversight committee), as well as the UK treasurer were invited and attended these meetings too.

The consensus from our meeting was that the UK's process could be adopted with only minor modifications by PPI. There were a number of questions about where UK regulations may not match up with what PPI needs, but they will be addressed in the coming weeks.

We also secured an agreement from the PPI treasurer that a financial procedure will be produced and then published by the 9th of August 2013. This did not happen. The PPI treasurer was to take the lead on that but would have the support of UK treasury staff, our oversight team and any help that our international team could render, and of course any support that other PP's may wish to provide.

There would also be some checking on relevant Belgian regulations and the end result would also take into account PPI's structure. Again, this was not carried out or not reported back.

Oversight

We also discussed broader PPI financial oversight in some detail. Again, the UK amongst others has made an offer of providing unofficial oversight. If that offer were to be taken up we would report publicly to ensure that PPI members were kept fully informed. The offer wasn't taken up, or not reported back on.

Banking

The UK also agreed to act as a proxy and set up banking for the PPI in the UK. The UK treasurer provided a form letter to authorise the UK to act, but it was not returned. A second request for those documents have now been made and UK treasury will pass the documentation back to PPI.

However no further progress has been made since August 2013.

Statutes

My discussions with Gregory to get clarity on the relationship between PPI and PPI HQ were less beneficial. The intention was to have that properly documented and clearly stated so that we could all be confident as to how PPI operates.

As part of that the UK consulted broadly with founding members of PPI and transition team.

We also requested several documents, including the PPI HQ statutes, and the minutes of meetings held by PPI HQ (as there is a requirement to meet).

The end result of that is that it seems that PPI HQ wasn't meeting its own minimum requirements. It appears that PPI HQ has records of exactly one meeting, in 2012, The attendees of that meeting were: Mr Marcel Ko Laja, Mr Samir Alliou, Ms Olga Voronina, Mr Patrick Machler, Mr Grigorij Iljitsch Engels, Mr Travis Robert McCrea and Mr Edward John Geraghty.

When it came to the PPI HQ statutes there was broad disagreement between Gregory, the UK and the UK's legal advice. Essentially it seemed to the UK that the statutes of PPI HQ did not do what the transition team or PPI seem to think it does.

This issue is probably the biggest organisational problem, the structure is burdensome and not well understood by PPI and PPI members including the UK.

Given the Pirate Parties Internationals general failure to comply with its own statutes and processes as well as the disconnect with PPI HQ, as well as its inability to operate effectively we are looking for ways to fix the current status. However the PPI board seems unable or unwilling to accept those issues or move forward.

It is also on that basis that the UK feels that tweaking its statutes is unlikely to help stabilise the organisation. We would like to work with PPI and PPI members to do what we can to get PPI carrying out what we see as its primary operational mission.

UK Position

My view of the UK position is that we will continue to provide what support it can, where it doesn't interfere with the UK's own national operations, to support PPI. However it has been hard going and without significant change will continue to be.

There are some good people within PPI and it has been good to work with the likes of Thomas Gaul on some of these issues, but the end point has to be results. The UK membership expects the UK party to deliver on its aims, whether that is new IT platforms, Policy, organisation, accounting, running in elections or whatever else. If we can't do that then drastic change is required. The same should apply to the PPI. But the UK NEC at least, feels that organisational change is unlikely unless the membership works together to demand it.

As I stated in the opening part of this document - the UK wishes to see Pirate Parties International become an effective coordination organisation for the Pirate movement and to enable national parties to have a voice within transnational and international organisations. We are as far away from that now as we were at the last GA.

Additional

Given the nature of this document I thought it might be useful to also circulate our position on PPI Membership fees and see if anyone can find a way forward.

Membership Fees

The UK party must oppose membership fees without several guarantees from Pirate Parties International that would be linked to phasing them in. That cannot be established via a statute amendment given the current situation is already counter to Pirate Parties International statutes XVII and XIX. We are open to ways of bringing this in in a manner that works for us and ensures that the Pirate Parties International doesn't bring the movement into disrepute by failing to adhere to its own moral and legal obligations, as well as our own principles.

We would also offer the following statement: If membership fees are brought in immediately, the party would have to look for ways of mitigating our exposure and risk to our members money. We would look at options including escrow, although the fees owed would be available to the Pirate Parties International the moment our concerns have been addressed.

- Our concerns are essentially the following; to our knowledge:
- Pirate Parties International has no published accounting processes
- Pirate Parties International has not published its accounts for the last financial year (or ever)
- Pirate Parties International has not completed any financial, including tax, returns for the last financial year (or ever)
- Pirate Parties International currently has no access to banking services
- Published Pirate Parties International budget documents are inadequate

Additional

That is to say that we would immediately support the implementation of membership fees, pay them as soon as:

Accounting processes were adopted (We worked with Pirate Parties International to put these together a while ago..) and adhered to,

and the last years accounts were published,

and a tax return and/or appropriate financial return were released,

and the Pirate Parties International shows it is maintaining a bank account (directly or otherwise, again, the UK has provided support to set this up)

and a proper budget, with a proper budget process (i.e. proposals, discussion and release) were released.

These conditions being met would give us their confidence that Pirate Parties International can manage its money in a manner that is open and transparent and not open to abuse, negligence or accusations of mismanagement.

I would note that UK party exceeds the UK minimum reporting criteria for financial reporting and has processes in place to deal with travel expenses, reimbursement, purchasing, tax and accounting reporting etc. As you would expect, our documentation is available and public (via the Electoral Commission in the UK and at request from us, as well as in references to our published minutes etc..).

Document Information

Acknowledgements:

This document was put together by the Pirate Party UK international team without input from the Pirate Party UK NEC – based on international coordination efforts in 2013/14 with the PPI and other international Pirate Parties.

Current Version

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Pirate Party UK

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