



Information Report
“On Activities of the Corruption Prevention and Combating Bureau
from 1 July to 31 December 2014”

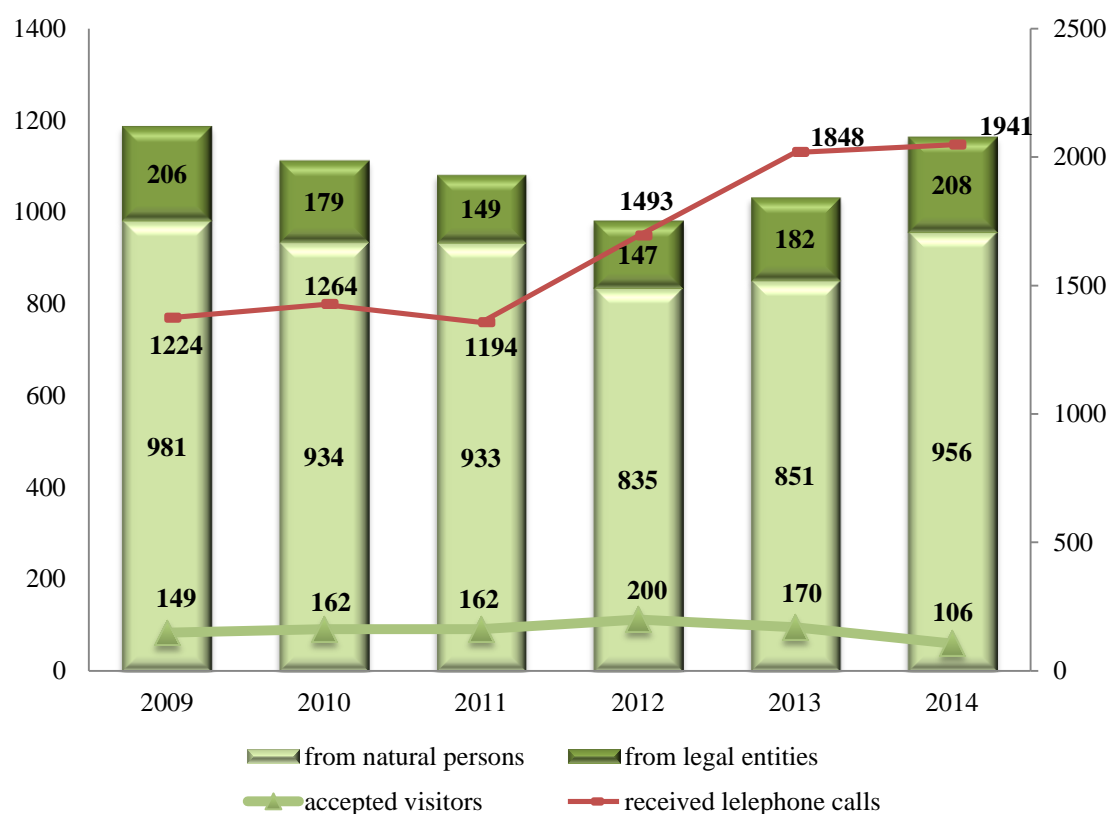
Introduction

The Information Report on activities of the Corruption and Prevention Bureau (hereinafter – Bureau) from **1 July to 31 December 2014** was drawn up for submitting to the Cabinet of Ministers and Parliament in line with Section 4, Paragraph 3, Point 14 of the Law on the Corruption and Prevention Bureau.

During the reporting period, the Bureau **received** 301 applications from **natural persons** (the total number of such applications in 2014 - **956**) and 111 applications from **legal entities** (the total number of such applications in 2014 - **208**). The number of received applications and telephone calls, as well as the number of visitors is shown in the Figure 1.

During the second half of 2014, the Message Center of the Bureau accepted and listened to 36 visitors, free helpline (80002070) was used 1213 times, **the total number of accepted persons in 2014 was 106**, while **the total number of phone calls to the free helpline in 2014 was 1941** which is 5% more than in 2013. One of the reasons explaining the augmentation of the number of telephone calls to the information line is the elections of the European Parliament and Parliament. Besides, it is partially related with the decrease in the number of visitors because people prefer communicating electronically or by telephone.

Fig. 1. Received applications and reports, as well as the accepted visitors (2009 – 2014)



On 31 December 2014, **134 persons were employed** by the Bureau. During the second half of 2014, ten new employees were recruited, while employment relationships were terminated with 11 employees. The funds granted from the national budget in 2014 consisted of **EUR 4 721 874**. In addition, the Bureau attracted funding of **EUR 194 039** from the European Anti-Fraud Office (OLAF). The total, expenditures of 2014 amounted to EUR 4 875 213.

1. Corruption Prevention

1.1. Coordination of Anti-Corruption Policy and Elaboration of Draft Laws and Regulations

During the second half of 2014, the Bureau continued to work on elaboration of the new planning document “Program of the Corruption Prevention and Combating Bureau for 2014 – 2020” for the next planning period.

During the reporting period, the Bureau elaborated the bill “Amendments to the Regulations No. 255 of the Cabinet of Ministers of 21 May 2013 “Procedures by Which the Gifts Accepted while Fulfilling the Duties of Office and Which Are the Property of the State or Local Government Authority Shall Be Registered, Evaluated, Utilized and Redeemed”” and submitted it to the Cabinet of Ministers for approval.

During the reporting period, representatives of the Bureau were actively involved in the activities of the Parliament’s Public Administration and Local Government Committee and its working groups on elaboration of amendments to the Law “On Prevention of Conflict of Interest in Activities of Public Officials”. Besides, the Bureau was represented in the working groups chaired by the Ministry of Justice:

- the working group of the Law “On the Procedure for the Coming into Force and Application of the Criminal Law” and the Criminal Law;
- the group working with the bill “Amendments to the Investigatory Operations Law”;
- the group working with the order No. 1-1/477 of the Minister of Justice of 16 December 2014 “On Establishment of a Working Group for Implementation of the Directive 2014/14/EU into National Legislation”;
- the group working with the letter of the Latvian Employers’ Confederation and the Association of Strategic Partnership for Building Development suggesting possible amendments to the Criminal Law and Criminal Procedure Law concerning coercive measures imposed upon legal persons;
- the group working with the Criminal Procedure Law.

Representation was also ensured in working groups of other institutions, including State Chancellery on elaboration of laws and regulations in relation with whistleblower protection and elaboration of amendments to the Law on the Corruption Prevention and Combating Bureau, amendments to laws and regulations in different Parliament’s committees working with elaboration of the State Service Law, Public Procurement Law, Law on the Procurement of Public Service Providers and Law on Administrative Violations Procedure, as well as in relation with elaboration of a set of draft laws and regulation resulting from the concept of capital company management and related to the procedure of granting municipal apartments.

During the reporting period, the officials of the Bureau took part in elaboration of amendments to the Law “On Prevention of Conflict of Interest in Activities of Public Officials” (IKNL) by termination of incompliance of the restrictions (Section 10, Paragraph 1 of the IKNL) imposed on Ministers and Parliament deputies to perform commercial activities with the Constitution of the Republic of Latvia. The amendments adopted during the reporting period ensured implementation of the recommendation made by the Council of Europe Anti-Corruption Group (GRECO).

At the same time, in 2014, the Bureau elaborated several important internal regulations: Regulations on Document Management and Circulation; Regulations on the Procedure of the Work of the Bureau; Procedure of Initiation, Adjudication of Disciplinary Proceedings and Imposition of

Disciplinary Sanctions; Regulations on Public Advisory Council; Regulations of the Ethics Committee; Procedure of Granting Bonuses, Premiums and Monetary Awards.

1.2. Analysis of Corruption Risks and Elaboration of Reports

During the reporting period, the Bureau drew up 62 opinions (124 opinions in 2014, which is four opinions more than in 2013) on draft legislation elaborated by other institutions and announced in the meeting of State Secretaries with a view to eliminate regulations promoting corruption and conflicts of interest, by raising 119 objections and presenting 79 propositions. In addition, during the reporting period, the Bureau prepared 14 opinions on EU draft laws and planning documents. The total number of **opinions drawn up in 2014 was 150**.

Performing the functions stated by the Law, i.e. to analyze the practice of public institutions in combating corruption and to analyze the revealed corruptive situations, as well as to provide the institutions with propositions in order to remedy the detected deficiencies, the Bureau, during the reporting period, continued to work on drawing up reports concerning the risks of corruption in the judicial system and elaboration of propositions for anti-corruption measures in courts.

1.3. Education and Provision of Information to the Society

During the reporting period, representatives of the Bureau hosted 53 education events, **the total number of education events in 2014 was 115**, which is 24 events more than in the previous year. During the second half of 2014, the classes organized by the Bureau on anti-corruption issues, issues related to prevention of conflicts of interest, ethics of public administration and restrictions of political campaigns were attended by 1730 persons. The total number of persons having attended education events in 2014 was **3806**, which is 668 persons more than in 2013. These events were attended by the following persons: public officials and employees of public or municipal institutions, youth, teachers, representatives of political parties, sworn supervisors and auditors. The number of education events and participants is shown in the Figure 2.

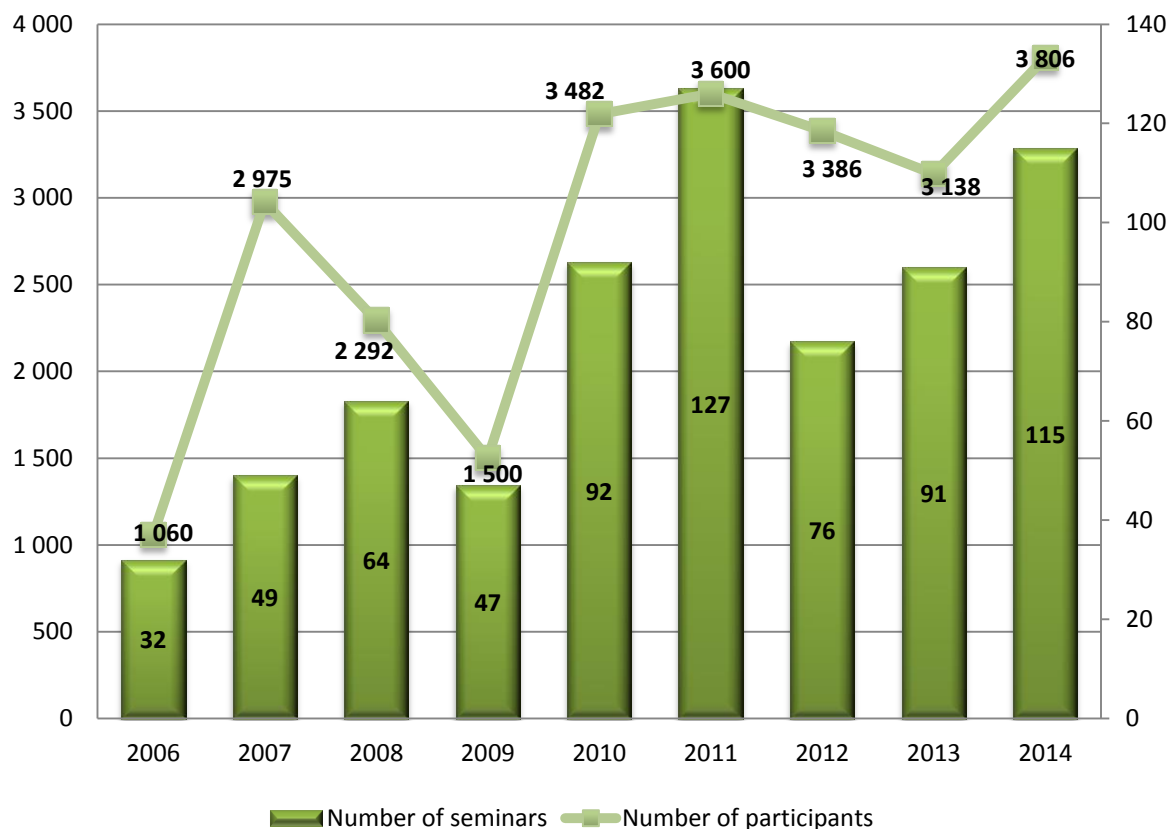
During the reporting period, the Bureau continued the work started during the first quarter of 2014 with education of representatives of private sector entrepreneurs about consequences of corruption and its prevention, by ensuring translation and editing of the internal control materials of the Organization for Economic Cooperation and Development (OECD) into Latvian. The Bureau drew up a **booklet for education of entrepreneurs** which, in cooperation with the Investment and Development Agency of Latvia, the Latvia's Confederation of Employers and the Ministry of Interior, is being distributed in printed version and is also available on the homepage of the Bureau and elsewhere.

In December 2014, in order to educate public officials, an information edition was prepared for officials on topicalities of corruption prevention and combating. In total, the Bureau drew up three such information editions in 2014.

In 2014, the Bureau started to **test the knowledge of public officials** and employees of public institutions on issues related to corruption and prevention of the interest of conflict. Although, in general, the knowledge of public officials and employees of public institutions is good, the best results were showed by officials of public sector. The test of the knowledge of officials revealed that employees of the public sector had responded correctly to 81.7% of questions in average, while employees of the municipal sector had responded correctly to 76.3%. There is also an alarming indicator: heads of municipal institutions and their deputies, executive directors and heads of

municipal authorities showed lower results than average; the leaders responded correctly to 74% of questions which is five percentage points less. It reveals lack of attention paid to measures for corruption prevention in municipalities and municipal institutions; besides, it confirms that one of the Bureau's target audiences of education events should be officials of municipalities, particularly heads of institutions and their deputies.

Fig. 2. Number of Education Events and Participants (2006 – 2014)



During the reporting period, the Bureau continued implementation of the program “**Training of Life-Long Educators** on Anti-Corruption Issues in Public Institutions”, in order to raise the level of knowledge of officials, by training officials who would later train employees in their institutions. Currently, the program has been attended by 60 representatives of 13 institutions who are now prepared for giving lessons in their institutions. A new visual identity has been elaborated for **e-education environment**. It is planned to add knowledge tests for public officials, video materials and other learning materials in 2015.

On 29 October 2014, the Bureau, in cooperation with the municipality of Valmiera City, organized an information day when the Bureau provided information about its activities and the inhabitants of the City could obtain information on the negative consequences of corruption and on ways of reporting violations. In total, **two information days** were organized by the Bureau in 2014 (in Kuldiga and Valmiera).

During the reporting period, the Bureau organized an anti-corruption **social campaign** “Corruption – a Dangerous Way!” and spoke with the society about the negative consequences of corruptive behavior. Within this social campaign, it was possible to hear an anti-corruption radio advertisement in Latvian and Russian, besides, a video advertisement was distributed in public KNABzino_02022015.docx; Information Report “On Activities of the Corruption Prevention and Combating Bureau from 1 July to 31 December 2014”

transport of Riga and Daugavpils. Opening of the campaign took place in the Riga Central Prison with a seminar for employees of public institutions “Consequences of Corruption: Unavoidability of Punishment and Value of Freedom”, in order to promote discussion about the role of anti-corruption events in the prevention of crimes.

In the second half of 2014, the Bureau organized a **photo competition for pupils and youngsters** devoted to the international anti-corruption day on 9 December “We against Corruption”; awarding of winners took place in the Riga Style and Fashion Vocational School in the presence of representatives from the Parliament’s Corruption Prevention Sub-Committee, Association “Transparency - TI” and Riga International School of Economics and Business Administration; for evaluation of photos, professional photographers were also invited. 51 works were received for the competition, and they are all available in “Facebook” page “We against Corruption”.

During the second half of 2014, two (total number in 2014: three) meetings of the **Bureau’s Public Advisory Council (PAC)** were organized where officials of the Bureau and representatives of non-governmental organizations discussed the draft regulations of the PAC and spoke about the information on possible reorganization and status of the Bureau. Besides, the Head of the Bureau provided information about the works done during the first half of 2014. The PAC conceptually supported elaborated propositions for amendments to the Law on Corruption Prevention and Combating Bureau, with the exception of the issue of creation of committees responsible for evaluation of vice-presidents of the Bureau. The PAC informed the Prime Minister about this decision by sending her a letter and expressing its support for the elaborated amendments to the law and their further progressing.

In line with Section 31 of the Law “On Prevention of Conflict of Interest in Activities of Public Officials”, the Bureau publishes on its homepage information about violations found in activities of public officials and related to the field of corruption prevention. During the reporting period, the Bureau published 81 announcements, while the total number of published **announcements** on administratively punished public officials in 2014 was **223**.

In 2014, the officials of the Bureau provided more than **600 explanations and consultations** both in written and by telephone. These explanations and consultations were related to restrictions imposed upon officials concerning multiple office holding, situations of conflicts of interest, ethics of public officials, corruption risks, anti-corruption events and funding of political parties and electoral campaigns.

In 2014, in order to inform the society about development tendencies of the corruption, revealed corruptive situations and measures taken for corruption prevention and combating, the Bureau distributed **107 announcements in mass media** and gave more than 550 responses to questions asked by representatives of media.

1.4. International Cooperation

During the second half of 2014, the Bureau continued to work on implementation of the first stage **recommendations** to “The Convention on Combating Bribery of Foreign Public Officials in International Business Transactions” (hereinafter – Anti-Corruption Convention) adopted on 21 November 1997 by the Organization for Economic Cooperation and Development (OECD). During the reporting period, representatives of the Bureau took part in two plenary sittings in France for the working group of OECD Combating Bribery in International Business Transactions. In November 2014, the Head of the Bureau, as a part of Latvian delegation, participated in the meeting of the KNABzino_02022015.docx; Information Report “On Activities of the Corruption Prevention and Combating Bureau from 1 July to 31 December 2014”

Public Administration Committee where the Latvia's Evaluation Report and compliance with the requirements of the Anti-Corruption Convention were discussed.

In September 2014, the Bureau signed a partnership declaration with the Ministry of Justice of Estonia concerning implementation of the project "Reducing Corruption: Corruption Combating in Private Sector" in cooperation with partnership services of Denmark, Estonia and Spain. Within the project, elaboration of information materials is planned in order to raise the awareness of entrepreneurs about corruptive violations and measures to be taken for prevention of such violations. The Bureau has drawn up and submitted a project proposal within the framework of the OLAF "Hercule III Programme 2014 – 2020", in order to raise operational capacity.

During the reporting period, **an information report** was drawn up and submitted for announcing in the Meeting of State Secretaries "On Anti-Corruption Recommendations by the United Nations (UNO) and Insurance of Their Implementation", revealing important tasks that Latvia should carry out in order to implement the UNO recommendations.

During the second half of 2014, a **compliance report** of the European Council's Group of States against Corruption (GRECO) on recommendations given to Latvia in the IV evaluation stage on prevention of corruption in the parliament, judicial power and prosecutor's offices. Representatives of the Bureau have ensured participation in two plenary sittings of the GRECO in France and participated in evaluation of Serbia concerning the corruption prevention principle in the parliament, judicial power and persecutor's offices in the framework of the IV stage of the GRECO.

On 10 November 2014, the Bureau organized **a meeting of Foreign Advisory Panel** where representatives of embassies and international organizations were being informed about the results of activities carried out by the Bureau and about two opinions prepared by the working groups on possible changes in the status of the Bureau. Representatives of the USA, Belarus, Belgium, Czech Republic, Denmark, Greece, Israel, Ireland, Canada, Great Britain, Lithuania, Moldova, Netherlands, Finland, Spain, Hungary and Sweden took place in the meeting.

The Bureau continued to inform **representatives of other countries** about its experience: during the reporting period, the Bureau was visited by representatives of Armenia, Croatia, Montenegro, Turkmenistan and Ukraine, in order to get acquainted with Latvia's experience related to the corruption prevention and combating, as well as to supervision of funding and electoral campaigns of political parties.

In December 2014, the Head of the Bureau participated in the meeting for anti-corruption institutions organized by the World Bank that took place in the USA, where he presented Latvia's experience in implementation of the policy of corruption prevention and combating. Representatives from more than 130 states took part in this meeting.

1.5. Control of Activities Performed by Public Officials

In order to ensure that the activities carried out by public officials comply with interests of the society, by preventing influence of any personal and material interest of officials, their relatives or business partners on decisions and activities of public officials, the Bureau controls preventing of conflicts of interest in activities of public officials and their compliance with prohibitions and additional restrictions provided in laws and regulations. Regarding violations of restrictions mentioned in the Law "On Prevention of Conflict of Interest in Activities of Public Officials" by establishing indications of administrative violations, during the second half of 2014 administrative proceedings were initiated in 141 cases (total number in 2014 - 218 cases), while decisions to refuse initiation of proceedings were made in 101 cases (total number of refusals in 2014 – 168 cases).

During the reporting period, 100 decisions were made in proceedings of administrative violations and fines were imposed on 39 officials with a total amount of EUR 4360. In 55 cases,

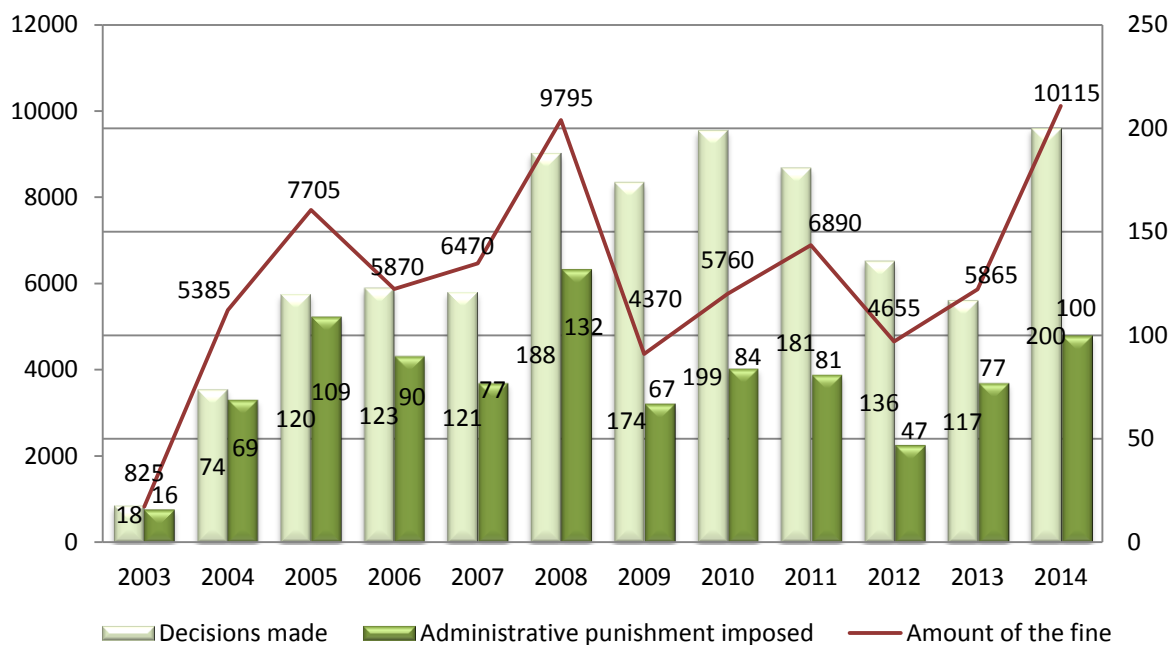
information about administrative violation was sufficient for the Bureau to conclude that the committed violation was insignificant, thus the Bureau made a decision not to initiate administrative proceedings and expressed a verbal reprimand. In total, in 2014, **200 decisions in proceedings of administrative violations** were made (i.e. 83 decisions more than in 2013); in 100 cases officials were imposed a **fine** with a total amount of **EUR 10 115**; in **85 cases verbal reprimands** were expressed, while in 15 cases it was decided to terminate proceedings. Two of the decisions made in 2014 by the Bureau were cancelled in the court, while five of them are being appealed. The decisions made and the fines imposed are shown in the Figure 3. In 2014, **six persons were asked to pay compensation for losses incurred by the State** amounting to **EUR 3892**.

During the second half of 2014, when performing functions stated in the Law in the field of the control of officials' activities, the Bureau completed 238 inspections; total number in 2014 – 428 departmental inspections, which is 25 inspections less than in 2013. This decrease can be explained by the significant raise of proceedings of administrative violations. In average, adjudication of departmental inspection until the decision is made takes 127 days.

During the reporting period, in the framework of the inspections, the Bureau, in line with its competences, evaluated activities of 584 officials, examined declarations of 803 officials; in total, activities of 1005 officials were evaluated and 1344 declarations were examined in 2014, in line with the restrictions and prohibitions set by the Law “On Prevention of Conflict of Interest in Activities of Public Officials”.

In 2014, the Head of the Bureau examined **25 complaints** about decisions made by officials of the Bureau in proceedings of administrative violations; in 11 of these cases the decisions stayed unchanged; in seven cases the decision was cancelled and a new decision was made to punish the relevant persons; in two cases the decision was cancelled and the violation was declared as insignificant and the imposed fine was decreased; in one case the decision stayed in force but the imposed fine was decreased; in one case the proceedings were terminated and the fine was decreased; in one case it was refused to examine the complaint because the deadline for appealing had expired.

Fig. 3. Decisions Made and Fines Imposed (2003 – 2014)

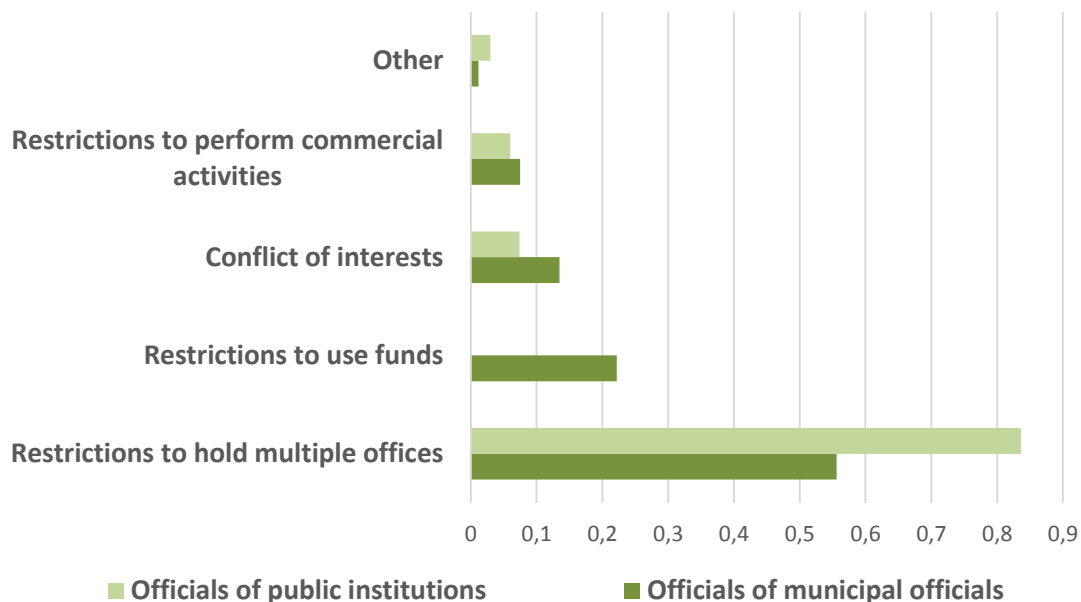


Basing on decisions made by the Bureau, during the reporting period, officials have transferred EUR 2390 to the national budget; **the total amount of administrative fines paid in 2014 was EUR 9188.**

In line with the obligation to inform the society about officials subject to decisions in proceedings of administrative violations set in Article 31 of the Law “On Prevention of Conflict of Interest in Activities of Public Officials”, in 2014 the Bureau published information on 148 officials subjected to fines or verbal reprimands. Most of these officials are employees of municipal institutions (55.6%) and more than a half of them did not comply with restrictions to hold multiple offices, including earning of forbidden incomes (64%). A large part (62%) of officials who did not comply with the restrictions to hold multiple offices were leading officials: heads of institutions, deputy directors, executive directors and their deputies, members of the board in capital societies, as well as heads of city councils of two regions. Other cases (22.2%) were related to the restriction to operate with municipal funds. In some cases (13.5%) it was established that officials of municipalities (municipal deputies, heads of regional councils, directors of two schools) had performed their functions in situations of conflict of interests; other cases (7.5%) concern leading officials of municipalities who have not complied with the restrictions of commercial activities because it has been proved that these officials have had relations with commercial companies that have received orders of the relevant municipalities without open tendering.

In public institutions too, most of the officials (83.6%) have not complied with the restrictions to hold multiple offices, including earning of forbidden incomes (71%). In the rest of the cases (7.4%), violations were related to performing functions of public officials in situations of conflict of interests when decisions were made in material or personal interests of the official or his/ her relatives, as well as to violation of prohibition to perform commercial activities (6%) because, during the last two years, one official, when performing his duties, had made a decision concerning the relevant commercial company, while in the other case a deputy of Parliament was penalized for the fact that his relatives had been members of such commercial company that had been receiving orders from the specific public institution without an open tender.

Fig. 4. Restrictions violated by public and municipal officials in 2014



Inspections revealed that, probably, non-compliance with the procedure of filling the declaration of public official had taken place. During the reporting period, information about nine persons (total number in 2014 – 13 persons) was **sent to the State Revenue Service (SRS)**. During the reporting period, basing on the request of the Bureau, auditing of the personal income taxation of one person was initiated. Besides, during the second half of 2014, one request was sent to the SRS (total number in 2014 – six requests) to carry out inspection of non-including employees of the institution in lists of officials. In 2014, basing on the above mentioned information provided by the Bureau, 75 persons were included in the lists of officials.

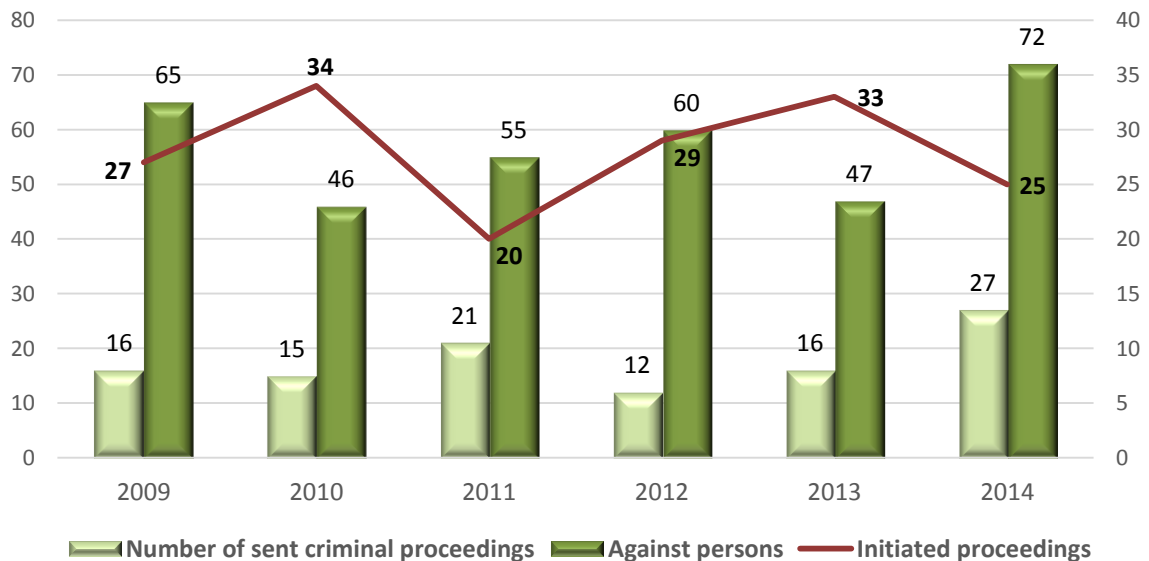
2. Corruption Combating

In 2014, **investigation was terminated in 39 criminal proceedings, 27** of them were sent to prosecuting instances in order to start criminal prosecution (11 more than in 2013) **against 72 suspected persons** (53% more than in 2013) (during the second half of 2014, there were 16 of these criminal proceedings against 40 persons).

During the second half of 2014, the Bureau **terminated** eight criminal proceedings (total number of criminal proceedings terminated in 2014 was **12** which is the same as in 2013). While evaluating corruptive violations, during the reporting period, the Bureau initiated seven criminal proceedings, five of them were based on the obtained operative information. In total, **25 criminal proceedings were initiated** in 2014 (which is eight criminal proceedings less than in 2013), 14 of them were based on the obtained operative information (in 2013, 20 criminal proceedings were initiated basing on the obtained operative information). Number of criminal proceedings sent for criminal prosecution and criminal proceedings initiated in the Bureau is shown in the Figure 5.

On 31 December 2014, there were **33 criminal matters** in the Bureau.

Fig. 5. Number of matters sent for criminal prosecutions and number of persons, as well as initiated criminal proceedings (2009 – 2014)



During the second half of 2014, one of the most important criminal matters when the General Prosecutor's Office was asked to initiate criminal prosecution was against a public official for forcing the witness, by means of bribery and threats of violence, to give false evidence in the court and to cancel previous evidences. Proofs obtained during investigation indicate that the official has organized, instigated and supported criminal violation by involving several natural persons in order to make the witness, by means of threats of violence and illegal reward of EUR 3 000 000, to cancel his previous evidences and to provide false evidences prepared by persons of trust of this public official.

Besides, during the reporting period, materials of extensive criminal proceedings against seven (two officials of the municipality of Daugavpils where one of them held a significant position, and four entrepreneurs) persons were sent to the General Prosecutor's Office concerning bribery, abuse of the office because of greedy interests and fraud. A lot of violations were committed in relation with purchases made by the capital company "**Daugavpils Siltumtikli**" of the Daugavpils Council.

Proofs obtained by the Bureau indicate that from 2011 until the spring 2012 two of the involved entrepreneurs significantly defrauded two municipal and three private enterprises (amounting to EUR 850 000 in total). During investigation it was established that the official involved in procurement activities had received a bribe amounting to EUR 10 000. In another episode, materials of the criminal proceedings reveal that in January 2013 a group of persons, basing on a previous agreement, passed a bribe of EUR 120 000 to intermediaries for further transmission to a public official holding an influential office in the Daugavpils City Council. The bribe had to be transferred as a compensation for favorable decisions in the interest of an entrepreneur, by excluding any other applicant from participation in the procurement of "**Daugavpils Siltumtikli**", thus violating the prohibition of unfair competition. The bribe initially intended for the official was partially acquired by the involved intermediaries; each of the intermediaries appropriated EUR 30 000, the official received EUR 60 000.

In August 2014, the Bureau suggested to initiate criminal prosecution of a **former official of a capital company of Riga municipality** for alleged crimes. The former official is suspected for abuse of authority thus causing significant consequences, and for appropriating funds in large amounts (EUR 61 270) for reparation works that have not been done. Besides, one former employee of the capital company is suspected for supporting illegal activities carried out by the official.

In 2014, losses established during investigation of criminal proceedings and **incurred by public and municipal institutions amounted to EUR 4 369 801**, while losses incurred by legal entities amounted to EUR 1 701 821. **Arrested funds amounted to EUR 5055**.

In 2014, officials of the Bureau, in relation to the field of combating corruption, carried out 97 **departmental inspections** (41 inspections less than in 2013) for alleged violations, by using power (which is not criminal procedural power) given by the Law on the Bureau. During the second half of 2014, 30 of these inspections were carried out. In 2014, as a result of departmental inspections, 71 cases were evaluated in line with the Criminal Procedure Law. In 50 of these cases (19 less than in 2013), it was decided to cancel initiation of criminal proceedings. Average duration of departmental inspections until decisions were made in criminal procedural order was 99 days.

In October 2014, **the Bureau, in cooperation with the State Revenue Service, carried out procedural activities** in the initiated criminal proceedings on asking and accepting a bribe committed by an official of the State Revenue Service (SRS). Proofs obtained within the criminal proceedings indicated that the official of the SRS, with intermediation of two natural persons, had asked and accepted a bribe as a compensation for making a favorable decision in the interests of the giver of the bribe. Information obtained during pretrial investigation reveals that a natural person has

turned to the head of the board of a private enterprise and offered a bribe of EUR 2000 as a compensation for canceling the decision on VAT surcharge. The official of the SRS, with a help of intermediaries, received a part (EUR 700) of the asked bribe, while the other part (EUR 1300) was appropriated by the accomplices. The penalties imposed upon persons involved in these criminal proceedings were non-custodial, besides the official was forbidden to hold his office.

In 2014, in order to ensure acquisition and strengthening of proofs in criminal proceedings initiated in the Bureau, the Bureau **drew up 13 requests for judicial assistance** and sent them to 13 countries: both members of the European Union (Czech Republic, Lithuania, Spain, Germany, etc.), and other countries (USA, Grenada, Russian Federation, Ukraine, etc.). Besides, in 2014, the Bureau **met 14 foreign requests for judicial assistance**.

3. Control of the Compliance of Political Parties and Their Alliances with Funding Requirements

Aim of the control of requirements for the funding of political parties and their alliances is to ensure transparency and legality of financial activities carried out by the parties, as well as their compliance with the system of parliamentary democracy. In order to perform its functions stated by the Law in the field of the control of funding of political parties and electoral campaigns, the Bureau has **accomplished inspections of parties' declarations on European Parliament elections 2014**.

The Bureau published declarations of income and expenses of Parliament elections 2014 and started truthfulness verification of these declarations. During the reporting period, the Bureau received 33 **declarations of income and expenses of elections** (total number of declarations in 2014 was **52**), and terminated verification of 14 declarations of income and expenses of elections. Besides, the Bureau continued the work on defining software requirements for creation of an information system for the control of funding of Political parties that provides implementation of electronic declaration.

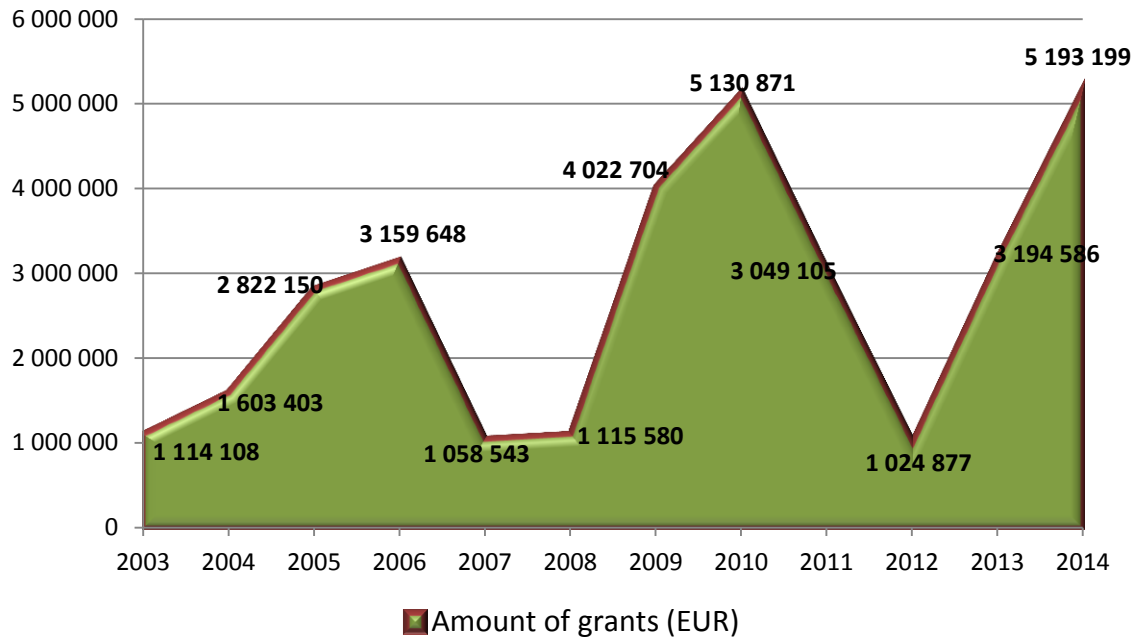
During the reporting period, the Bureau received and published 20 lists of **admission and membership fee** (total number of lists in 2014 was **46**), terminated verification of 11 lists of admission and membership fee, terminated verification of 43 annual reports and 32 departmental inspections.

During the second half of 2014, the Bureau terminated **inspection of use of the national budget funds in 2013** by political parties, which resulted in one decision on repayment of funds (EUR 7919) into the national budget that was appealed to the court.

During the reporting period, two alliances of political parties received a funding part from the national budget (total: EUR 153 846) into their bank accounts. However, in July 2014, the Bureau made a decision to **suspend funding of one party** because it had violated requirements on usage of national budget funds; the decision on enforcement of sanctions has entered into force. In total, in 2014 **four political forces received government grants amounting to EUR 370 141**. On 1 December 2014, the Bureau made a decision on **granting funds from national budget to six parties**.

In 2014, **12 decisions on transfer of illegally received funds into national budget** (in total, **EUR 79474**); eight of them (the largest part of the sum, i.e. EUR 73954) were made during the reporting period. Basing on administrative provisions issued by the Bureau, during the reporting period funds amounting to EUR 4448 that were acknowledged as illegally accepted due to violation of restrictions set by the Law were **transferred into the national budget** (total sum in **2014: EUR 6271**).

Fig. 6. Amount of Funds Donated to Political Parties and Their Alliances (2003 – 2014)

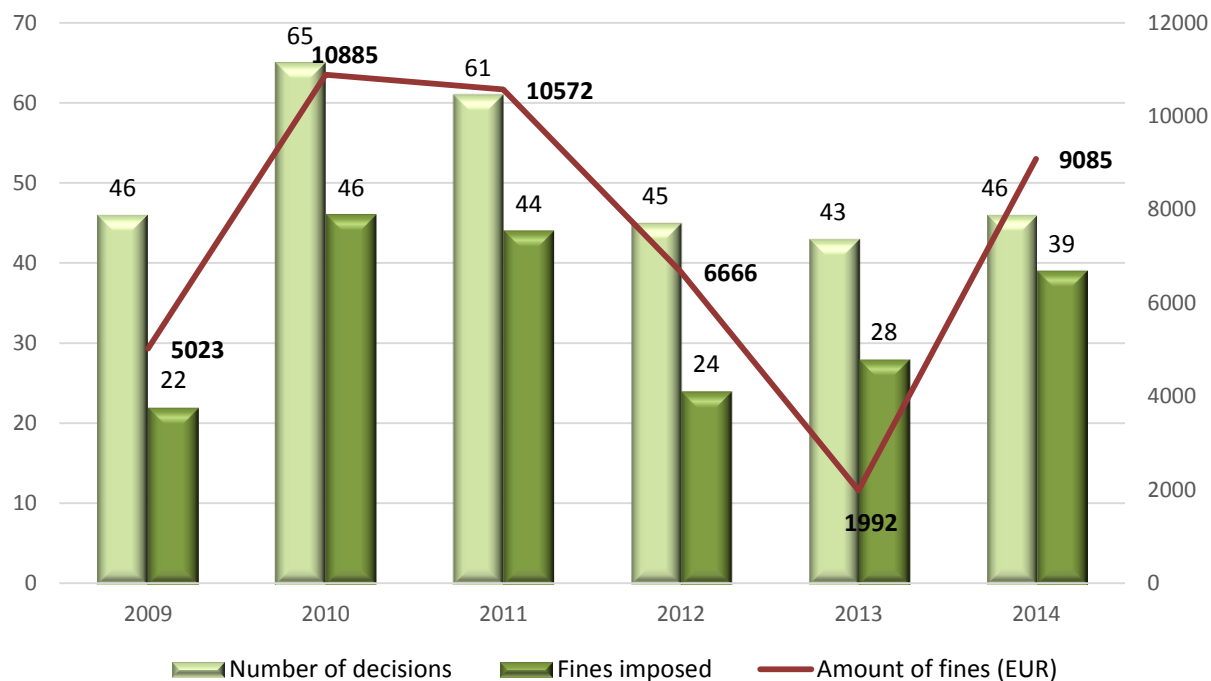


Due to European Parliament elections held in the spring 2014 and Parliament elections held in the autumn 2014, the **amount of funds donated** to political parties and their alliances increased. However, the amount of funds donated in the reporting period was considerably larger, because the total sum during the first half of the year was EUR 1 775 402, while the total sum during the second half of the year amounted to EUR 3 337 930. Parties and their alliances received most of the donations immediately before elections, i.e. more than 1.3 million euro in September 2014 and more than 2.5 million euro in October 2014. During the reporting period, 313 reports on grants received by political parties and their alliances were **received and published** (total number in 2014 - **593 reports**) and 287 such reports were verified (total number in 2014 - **670 reports**). Amount of donations and grants received by political forces (monetary, material or services) is shown in the Figure 6 revealing that the sum donated in 2014 was the biggest one since 2003.

During the second half of 2013, **18 decisions in matters of administrative violations** (total number of such decisions in 2014 was **46**) concerning violation of requirements set by the Law “On Financing of Political Organisations (Parties)” and the “Pre-election Campaign Law” (violations related to non-compliance with the procedure of submitting election declarations and donation lists, provision of false information in the annual reports of 2013 and in declarations of elections 2014); as a result of these decisions, 13 parties were penalized by forcing them to pay a fine of EUR 3460. In total, in 2014 a **fine was imposed on 39 parties** and their alliances (total amount: **EUR 9085**). Comparing with the previous years, in 2014 the number of decisions made and fines imposed increased. Number of the made decisions and the imposed fines is shown in the Figure 7.

During the reporting period (in 2014 – in **seven cases** in total), the established violations were acknowledged as insignificant and the parties were subjected to a **verbal reprimand**. In two cases, other natural and legal persons were held administratively liable by imposing a fine of EUR 150. In total, in 2014, other natural and legal persons were held administratively liable in four cases, by imposing a fine of EUR 670.

Fig. 7. Number of Decisions Made and Amount of Fines Imposed



In 2014, the Head of the Bureau examined **three complaints** about decisions made by officials of the Bureau in matters related to administrative violations. Having evaluated these complaints, the Head of the Bureau left all the decisions in force.

During the reporting period, the Bureau submitted **an application to the court with a request to suspend activities of one political party** because of non-submission of reports on elections 2013 and annual report 2013.

Due to the Parliament elections held in the autumn 2014, the Bureau has summarized information submitted by political parties on agreements concluded in relation to **placement of pre-election campaign materials** and ensured **supervision of the amount of pre-election editions**. According to the information summarized by the Bureau, neither parties or their alliances, nor unrelated persons have used sums exceeding the amount of expenditures allowed for pre-election campaigns; therefore, the Bureau did not have to use its rights set by the Law to suspend activities of any of the persons promoting the campaign.

Head of the Corruption Prevention and
Combating Bureau

J. Strēļčenoks