



ELECTIONS BC

A non-partisan Office of the Legislature

AUDITOR'S GUIDE

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PREFACE

This guide has been prepared to provide guidance to auditors appointed under the *Election Act*. It is not the role of our office to tell auditors how to perform their audits, rather we wish to provide guidance on some of the unique issues that arise from the financial reporting requirements of the *Election Act*.

Our office is grateful for the input and assistance received from the advisory services staff of the Chartered Professional Accountants of British Columbia.

PRIVACY

Elections BC has the authority to collect, use, disclose and dispose of personal information under the *Election Act* and the *Freedom of Information and Protection of Privacy Act*. This information is used to administer provisions of the *Election Act*.

For information about Elections BC's privacy policies, please visit elections.bc.ca/privacy or contact the **Privacy Officer, Elections BC** at 1-800-661-8683, privacy@elections.bc.ca or Suite #100 – 1112 Fort Street, Victoria, B.C. V8V 3K8.

INTRODUCTION

The *Election Act* requires participants in the British Columbia electoral process (leadership contestants, candidates, registered constituency associations, registered political parties and third party sponsors) to prepare financing/disclosure reports and appoint auditors to report on them.

Audit reporting under the *Election Act* significantly enhances the public's confidence in the financing of the electoral process, as the auditor is required to report in accordance with Canadian generally accepted auditing standards.

When appropriately completed, the forms prescribed by Elections BC provide all the information required to be disclosed under the *Election Act*. While separate audited financial statements may be prepared, all submissions to Elections BC must be made on forms provided by Elections BC. Accordingly, these guidelines are prepared in relation to financing reports prepared and submitted on Elections BC forms.

This guide is intended only as an aid to understanding the *Election Act*. How the Act applies to any particular case will depend on the individual circumstances of the case, and may change in light of new legislation and judicial developments. Where there is inconsistency between this guide and the *Election Act*, the Act will prevail. Where possible, references to specific sections of the *Election Act* are included.

All auditors who have been asked to accept an appointment as auditor under the *Election Act* are strongly urged to review the requirements of the *Election Act*, and may wish to review the following publications available on the Elections BC website (elections.bc.ca):

- The *Election Act*
- Annual Financial Report Completion Guide
- Guide for Financial Agents Appointed Under the *Election Act*
- Guide for Third Party Advertisers and Campaigners
- Electoral Finance Bulletins and Newsletters

Printed copies of all of the above, except for the *Election Act*, can be requested from Elections BC. The *Election Act* is available for purchase from Crown Publications (crownpub.bc.ca).

As well, the *Income Tax Act* (British Columbia) should be referred to for detailed information on income tax receipts for political contributions.

To ensure that you are eligible to accept the appointment as an auditor, you should refer to section 179 of the *Election Act*.

Members of the Chartered Professional Accountants of British Columbia (CPABC) who accept an appointment as auditor are advised to confirm with CPABC that they are licensed for public practice in the appropriate category to perform this engagement. Chartered Professional Accountants who are not members of the CPABC, but who are members of other CPA bodies, are advised to contact CPABC to confirm the licensing requirements that may apply in British Columbia.

Another important source of information relevant to the audit is the original application for registration and any amendments (note that Elections BC must be notified of changes to registration information). This includes the following information:

For political parties and constituency associations:

- full name, including any other usual names for political parties
- address and telephone number
- appointment information for the financial agent
- appointment information for any deputy financial agents (if applicable)
- appointment information for the auditor
- name, address and sample signature for each principal officer
- bank account information, including the names of signing officers (note: the account number cannot be shared by Elections BC)

For candidates and leadership contestants:

- full name, including ballot names for candidates (if different from their full name)
- address and telephone number
- appointment information for the financial agent
- appointment information for any deputy financial agents (if applicable)
- appointment information for the auditor

For third party sponsors:

- full name, including any other usual names
- address and telephone number
- name of each principal officer
- appointment information for the auditor

An appointed auditor can request copies of the most recent registration documents filed with Elections BC which may be obtained by contacting Electoral Finance at Elections BC.

AUDITOR APPOINTMENT

Section 179 of the *Election Act* requires that all registered political parties, registered constituency associations and candidates appoint an auditor. If the appointment ends for any reason, the organization or candidate must appoint a new auditor within 60 days of the vacancy occurring. Leadership contestants and third party sponsors only need to appoint an auditor if their financing report meets the criteria which require that an audit be performed.

The auditor must be qualified to be the auditor of a company under sections 205 and 206 of the *Business Corporations Act* (British Columbia):

Persons authorized to act as auditors

205 A person is authorized to act as an auditor of a company only if

- (a) the person is
 - (i) a member of, or is a partnership whose partners are members of, a provincial institute of chartered accountants within Canada,
 - (ii) a member of a provincial organization of chartered professional accountants within Canada, authorized by that organization to perform an audit,
 - (iii) a professional accounting corporation as defined in the *Chartered Professional Accountants Act*, authorized by the CPABC as defined in that Act to perform an audit, or
 - (iv) a registered firm as defined in the *Chartered Professional Accountants Act*, authorized by the CPABC as defined in that Act to perform an audit, or
- (b) [Repealed 2018-23-13]
- (c) the company is a reporting issuer or a reporting issuer equivalent and the person is
 - (i) a person referred to in paragraph (a) of this section, or
 - (ii) authorized to make an auditor's report under the *Securities Act*, or, in the case of a reporting issuer equivalent, under the legislation that applies to the company and has provisions that are comparable in scope and intent to the auditor qualification provisions of the *Securities Act* and the regulations made under that Act.

Independence of auditors

206 (1) For the purposes of subsection (3):

“immediate family”, when used in reference to a person referred to in that subsection, means any of the following who resides with that person:

- (i) the spouse of that person;
- (ii) a parent or child of that person;
- (iii) any relative of that person or of that person's spouse;

“partner”, when used in reference to a person referred to in that subsection, means any person with whom the person referred to in that subsection carries on in partnership the profession of public accounting.

- (2) A person who is not independent of a company, its affiliates or its directors and officers must not act as the auditor of the company.
- (3) For the purposes of this section, independence is a question of fact, but a person is not independent if:
 - (a) the person is a director, officer or employee of the company or of an affiliate of the company, or is a partner, employer, employee or member of the immediate family of such a director, officer or employee,
 - (b) the person, a member of the person's immediate family, a partner of the person or a member of the immediate family of a partner of the person, beneficially owns or controls, directly or indirectly, any material interest in a security of the company or of any of its affiliates, or
 - (c) the person is appointed a trustee of the estate of the company under the *Bankruptcy and Insolvency Act* (Canada) or is a partner, employer, employee or member of the immediate family of that trustee.

In addition, the *Election Act* disqualifies the following from being appointed as an auditor:

- (a) an election official, a voter registration official or an individual who is otherwise a member of the staff of the Chief Electoral Officer,
- (b) an individual who does not have full capacity to enter into contracts,
- (c) an individual who is the financial agent of the organization or individual to be audited,
- (d) a firm of which a member is the financial agent of the organization or individual to be audited, or an individual who is a member of the same firm as that financial agent,
- (e) an individual who, at any time within the previous seven years, has been convicted of an offence under the *Election Act* or the *Recall and Initiative Act*,

- (f) an individual who, at any time within the previous seven years, failed to file a report that was required to be filed under the *Election Act* or the *Recall and Initiative Act* in the individual's capacity as a financial agent, or
- (g) an individual who, at any time within the previous seven years, failed to file a report that was required to be filed under the *Election Act* or the *Recall and Initiative Act*.

The appointment of an auditor must be made on the Appointment of Auditor form, prescribed by Elections BC.

- Appointment of Auditor for an Individual (form 321):

Used to appoint an auditor for a candidate, leadership contestant or a third party sponsor - individual. This appointment form must be authorized by the appointing individual.

- Appointment of Auditor for an Organization (form 478):

Used to appoint an auditor for a political party, constituency association or third party sponsor - organization. This appointment form must be authorized by a principal officer for the appointing organization.

The appointment form must be fully completed so that it:

- includes the name, mailing address and telephone numbers of the auditor
- is signed by a principal officer of the appointing organization or the appointing individual
- indicates the effective date of the appointment, and
- includes a signed consent of the auditor

As soon as possible after an appointment is made, a copy of the appointment form must be delivered to Elections BC or the District Electoral Officer, as applicable.

AUDIT REQUIREMENT

The auditor is required to make a report to the financial agent if the total value of political activities exceed a certain monetary threshold. Under the *Election Act*, only certain reports must be filed with an auditor's report, however the Chief Electoral Officer can request an auditor's report to be filed at any time. The financial/disclosure report must be submitted to Elections BC with an auditor's report where the information to be reported meets the following thresholds:

	Annual Financial Reports	Election Financing Reports	Deregistration Financial Reports	Leadership Contestant Financing Reports	Third Party Sponsor Disclosure Reports
Candidate					
Political Party	If the value of political contributions is \$10,000 or more	If the value of political contributions or election expenses is \$10,000 or more	If the value of expenses incurred or political contributions received is more than \$5,000 Not required for a constituency association deregistered as a result of disestablishment of an electoral district.		
Constituency Association		If the value of political contributions is \$10,000 or more			
Leadership Contestant				If the value of political contributions or contestant expenses is \$10,000 or more	
Third Party Sponsor					If the value of election advertising is \$10,000 or more

Financial reports filed by registered political parties, registered constituency associations, candidates and leadership contestants under Part 10 of the *Election Act* are required to be audited if the total value of political contributions, election expenses or contestant expenses to be reported is \$10,000 or more [section 213(1)(b)].

If a political party or constituency association is deregistered, the auditor is required to prepare an audit report on the deregistration financial reports required by section 170 of the *Election Act*. The deregistration financial reports must be prepared in accordance with sections 207, 212 and 213 of the *Election Act*. Deregistration financial reports filed by political parties and constituency associations do not need to be audited if:

- (a) the report is for a constituency association that is deregistered because an electoral district is disestablished, or
- (b) the organization has during the period from the date of the last report filed under section 207 up to and including the last day the organization was registered
 - (i) incurred \$5,000 or less in expenses, and
 - (ii) received \$5,000 or less in political contributions.

For third party sponsor disclosure reports filed by third party sponsors, the auditor is required to make a report to the organization or individual if the total value of election advertising they have sponsored is \$10,000 or more [section 245.01(4)].

The specific provisions relating to the auditing of reports are contained in section 214 of the *Election Act*:

- (1) For every report that is required to be audited under the *Election Act*, the auditor for the organization or individual must make a report to the financial agent.
- (2) Subject to any guidelines issued by the Chief Electoral Officer, the auditor must
 - (a) conduct an audit in accordance with generally accepted auditing standards, and
 - (b) perform such tests and other procedures as in the auditor's judgment are necessary to determine whether the report has been prepared in accordance with generally accepted accounting principles.
- (3) An auditor must make any additional reports the auditor considers necessary if
 - (a) the auditor has not received all the information and explanations required from the financial agent or from the organization or individual on whose behalf the report has been prepared, or
 - (b) proper accounting records have not been kept by the financial agent.

- (4) The financial agent or third party sponsor must give the auditor access at all reasonable times to the records and must provide the auditor with any information the auditor considers necessary to enable the auditor to give a report under this section.

Supplementary reports, interim financial reports, nomination contestant financing reports, initial and subsequent disclosure reports all do not require an auditor's report. However, the Chief Electoral Officer has the authority to require an auditor's report for any report filed.

ELECTION EXPENSES

An **election expense** is defined in section 183(1) of the *Election Act* as:

“the value of property or services used during a campaign period by or on behalf of a candidate, registered constituency association or registered political party

- (a) to promote or oppose, directly or indirectly, the election of a candidate, or
- (b) to promote or oppose, directly or indirectly, a registered political party.”

This definition means that most property or services used in an election are election expenses even if the items were purchased before the election was called.

What is not an election expense:

- services provided by a volunteer
- property of a volunteer if it is provided or used in relation to the services of the individual as a volunteer
- good produced by an individual as a volunteer from the property of the individual
- services provided by a candidate in relation to that individual's candidacy
- good produced by a candidate in relation to that individual's candidacy from the property of the candidate
- property or services provided by an election official, a voter registration official or other member of Elections BC's staff in relation to their official duties
- publishing without charge news, an editorial, an interview, a column, a letter or a commentary in a bona fide periodical publication or a radio or television program
- broadcasting time provided, without charge, as part of a bona fide public affairs program, or
- producing, promoting or distributing a publication for no less than its market value, if the publication was planned to be sold regardless of the election

Note: Volunteers are individuals who voluntarily perform the services and who receive no compensation, directly or indirectly, in relation to the services or time spent providing the services. This means that employers cannot continue to pay people while they are working as volunteers.

If an individual uses paid vacation time to work on a campaign, they are a volunteer as long as they have not been directed by their employer to provide the services and the employer does not provide any extra vacation or leave.

Election expenses limits

The amount of election expenses which may be incurred on behalf of registered political parties and candidates is limited.

Political party expenses limit

- for a general election: \$1.16 times the total number of registered voters
- for a by-election: \$58,000

Candidate election expenses limit

- for a general election or a by-election: \$58,000

These spending limits will be adjusted for changes to the consumer price index at the start of the election. An additional amount is also added if the length of the campaign period is longer than 28 days. The additional amount added to the base election expense limit is equal to $\frac{1}{2}$ of the daily limit for each additional day added to the campaign period.

Adjusted amounts will be published on the Elections BC website, in the B.C. Gazette and communicated to registered political parties, registered constituency associations and candidates at the start of an election.

Election expenses not subject to the expense limit

Section 203 of the *Election Act* and section 7(2) of the *Election Financing Regulation* outlines which election expenses are not to be included as election expenses subject to the expense limit.

The following expenses are not subject to the election expense limit:

- the nomination deposit of a candidate
- personal election expenses of a candidate
- legal or accounting services provided to comply with the *Election Act*

- services provided by a financial agent or auditor in that capacity
- the cost of any communication that a registered political party or a registered constituency association sends exclusively to its members
- the cost of any communication a candidate sends exclusively to members of their registered political party or registered constituency association
- expenses incurred in holding a fundraising function (unless the fundraising function is held during the campaign period and incurs a net loss, in which case the amount of the loss is an election expense subject to the expenses limit)
- expenses incurred exclusively for the day-to-day administration of a registered political party or a registered constituency association
- interest on a loan for election expenses to a candidate, registered constituency association or registered political party
- the cost of any communication, other than a communication in relation to a fundraising function, transmitted to the public by any means for the primary purpose of raising funds for the organization or individual by whom or on whose behalf the communication was transmitted
- the portion of transportation costs and costs for food, refreshments and communications equipment for which a political party or candidate is reimbursed by media representatives accompanying election tours, or
- the cost of security services, if the individuals engaged in providing the services do not, while providing those services,
 - carry or wear flags, badges or any other item indicating that the individual promotes or opposes a particular candidate or registered political party, or
 - engage in any campaigning:
 - to promote or oppose, directly or indirectly, the election of a candidate, or
 - to promote or oppose, directly or indirectly, a registered political party, including engaging in discussions of a partisan nature.
- expenses prescribed for the purpose of section 203 of the *Election Act* by regulation.

An election expense that is not subject to the expenses limit is still subject to all other provisions of the *Election Act*.

ELECTION ADVERTISING

Under the *Election Act*, election advertising includes both “campaign period election advertising” and “pre-campaign period election advertising”.

Campaign period election advertising is defined in section 1 of the Act as:

the transmission to the public by any means, during the campaign period, of an advertising message that promotes or opposes directly or indirectly, a registered political party or the election of a candidate, including an advertising message that takes a position on an issue with which a registered political party or candidate is associated, but does not include:

- a) the publication without charge of news, an editorial, an interview, a column, a letter, a debate, a speech or a commentary in a bona fide periodical publication or a radio or television program,
- b) the distribution of a book, or the promotion of the sale of a book, for no less than its commercial value, if the book was planned to be made available to the public regardless of whether there was to be an election,
- c) the transmission of a document by a person or a group to their members, employees or shareholders, or
- d) the transmission by an individual, on a non-commercial basis on the internet, or by telephone or other means of electronic communication, of the individual's personal political views.

Pre-campaign period election advertising has the same definition except that it only applies to direct advertising during the 60 day pre-campaign period for a fixed-date general election, and **DOES NOT** apply for by-elections or general elections that are not conducted in accordance with section 23(2) of the *Constitution Act*. Indirect or issue based advertising is also not election advertising during the 60 day pre-campaign period.

THIRD PARTY SPONSOR ADVERTISING LIMITS

Only campaign period election advertising is limited by the *Election Act* – there are no limits on pre-campaign period election advertising. However, a third party sponsor must record and report the value of all election advertising sponsored in the campaign period and pre-campaign period.

The value of campaign period election advertising which may be sponsored by a third party sponsor is limited.

Advertising limits for a single third party sponsor

- \$3,000 in relation to a single electoral district, and
- \$150,000 overall in a general election

Advertising limits for third party sponsors working together

- \$3,000 in relation to a single electoral district, and
- \$150,000 overall in a general election

In respect to a by-election, the total value of campaign period election advertising must not exceed \$3,000 on an individual sponsor level or in combination with one or more third party sponsors.

These limits will be adjusted for changes to the consumer price index at the start of the election. An additional amount is also added if the length of the campaign period is longer than 28 days. The additional amount added to the base advertising limit is equal to $\frac{1}{2}$ of the daily limit for each additional day added to the campaign period.

Adjusted amounts will be published on the Elections BC website, in the B.C. Gazette and communicated to all registered third party sponsors.

RELEVANT DATES

The *Election Act* considers a report to be filed when the report is accepted by the office of the Chief Electoral Officer during its regular business hours. Reports may be delivered to a Service BC location. Not all Service BC offices will receive financial reports. Please check their website before attending the office to ensure this service is available: servicebc.gov.bc.ca/ locations.

If a report meets the legislated audit threshold (see audit requirement on page 7), the report cannot be accepted unless it is accompanied by a signed audit report, as it is not permissible to file the audit report at a later date.

Annual Financial Reports

REGISTERED POLITICAL PARTIES AND CONSTITUENCY ASSOCIATIONS

Reporting period

January 1 (or the date the statement of assets and liabilities filed with its application for registration) to December 31

Reporting deadline

March 31 of the following year

Late filing deadline

June 30 of the following year
Late reports must be submitted with a \$100 late filing fee

Note: Political parties and constituency associations can issue income tax receipts for political contributions at any time while they are registered with Election BC.

Election Financing Reports

REGISTERED POLITICAL PARTIES

Reporting period

Political contributions and transfers - from January 1 of the year the election was held until the end of the campaign period.

Election expenses - the value of property or services used during the campaign period (the period between when an election is called and the close of general voting) to promote or oppose, directly or indirectly, a registered political party or the election of the party's leader as a candidate.

Reporting deadline

90 days after Final Voting Day

Late filing deadline

120 days after Final Voting Day
Late reports must be submitted with a \$500 late filing fee or a higher amount established by regulation.

REGISTERED CONSTITUENCY ASSOCIATIONS

Reporting period

Political contributions - from January 1 of the year the election was held until the end of the campaign period

Expenses - none. Any expenses used for promoting a candidate or political party must be disclosed as transfers given. The entity receiving the transfer must disclose the value as an expense.

Reporting deadline

90 days after Final Voting Day

Late filing deadline

120 days after Final Voting Day
Late reports must be submitted with a \$500 late filing fee

CANDIDATES

Reporting period

Political contributions, transfers and expenses
– all must be reported regardless of when they occurred.

Reporting deadline

90 days after Final Voting Day

Late filing deadline

120 days after Final Voting Day
Late reports must be submitted with a \$500 late filing fee

Note: A candidate can only issue income tax receipts for political contributions received between the date they received their certificate of candidacy and the return of the writ.

Third Party Sponsor Disclosure Reports

Initial Disclosure Report

If a third party sponsor sponsors election advertising that has a total value greater than \$10,000.00, they must file with Elections BC an initial disclosure report within 14 days of them sponsoring the advertising message to the public that brings the total value of the election advertising to an amount greater than \$10,000.00.

Subsequent Disclosure Report

If a third party sponsor files an initial disclosure report, they must file a subsequent disclosure report within 14 days of receiving a sponsorship contribution from a contributor who makes one or more sponsorship contributions to have a value greater than \$250 since the most recent general election. A third party sponsor must file subsequent disclosure reports until final voting day.

Third Party Sponsor Election Advertising Disclosure Reports

Reporting period

Sponsorship contributions - all sponsorship contributions accepted since the last third party sponsor election advertising disclosure report.

Election advertising expenses - all election advertising sponsored in the campaign period and the pre-campaign period (within 60 days prior to the campaign period).

Reporting deadline

90 days after Final Voting Day

Late filing deadline

120 days after Final Voting Day
Late reports must be submitted with a \$500 late filing fee

Note: A third party sponsor cannot issue income tax receipts under the *Election Act*.

Leadership Contestant Financing Reports

Reporting period

Political contributions, expenses and transfers - all must be reported, regardless of when they occurred.

Reporting deadline

90 days after the leader is selected

Late filing deadline

120 days after the leader is selected
Late reports must be submitted with a \$500 late filing fee

Note: A leadership contestant cannot issue income tax receipts.

TERMS OF ENGAGEMENT

Auditors should be aware of the following requirements under the *Election Act*:

- All candidates must appoint an auditor. A candidate's nomination cannot be accepted unless the auditor appointment form is appropriately completed and filed. The auditor appointment form must be signed by both the candidate and the auditor, and filed with the candidate's other nomination documents when submitted to Elections BC.
- All registered constituency associations and registered political parties must have an appointed auditor. The auditor's engagement with registered constituency associations and registered political parties is usually one of an ongoing nature.
- Leadership contestants do not need to appoint an auditor unless their contestant financing report requires an audit. An audit is required if the value of either contestant expenses or political contributions to be reported is equal to or greater than \$10,000. If an audit is necessary, an appointment of auditor form must be signed by both the leadership contestant and the auditor, and submitted to Elections BC.
- Third party sponsors do not need to appoint an auditor unless their election advertising disclosure report requires an audit. An audit is required if the total value of election advertising they have sponsored is \$10,000 or more. If an audit is necessary, an appointment of auditor form must be signed by both the third party sponsor and the auditor, and submitted to Elections BC. If the third party sponsor is an organization, the appointment form must be signed by a principal officer, member or director.

Elections BC considers the accounting requirements of Part 10 of the *Election Act* to be an acceptable financial reporting framework.

ACCOUNTING AND REPORTING REQUIREMENTS

The *Election Act* requires some uncommon accounting treatments which are discussed below.

Market value of goods and services

The *Election Act* requires that donated goods and services be recorded at their market value. Reference should be made to section 180 of the *Election Act* for guidance on the treatment of any shortfall between that value and the amount (if any) charged for property or services.

Section 1 of the *Election Act* defines market value as, "the lowest price charged for an equivalent amount of equivalent property or services in the market area at the relevant time." General valuation rules are established by section 185 of the *Election Act*.

Inventory

Only registered political parties and registered constituency associations report inventory and only in annual financial reports and deregistration financial reports.

For election financing reports and leadership contestant financing reports, the value of any inventory of campaign supplies at the beginning of the campaign period must be valued and accounted for in determining the candidate's/leadership contestant's election/contestant expenses. The usual rules regarding business inventory are not applicable under the *Election Act*. Inventory may have to be re-valued at a higher market value than originally paid. For example, if a candidate were to reuse old signs that were left over from a prior election, the current market value of the signs would have to be reported as a current election expense.

Volunteer services

If an individual voluntarily performs services for a political campaign or third party sponsor and receives no compensation, directly or indirectly, in relation to the services or the time spent providing the services, the services are not a political contribution, sponsorship contribution or an election expense. However, if an employer continues to pay an individual while they are working for a political party, constituency association, candidate, leadership contestant, or third party sponsor the individual is not a volunteer. In that case, the value of

their services is a political contribution or sponsorship contribution from the employer, and an expense (an election expense if during the campaign period). Since most employers are prohibited from making political/sponsorship contributions because they are not eligible individuals, such arrangements are rare.

Sections 180(5)(b), 183(8)(a) and 235.02(3)(b) of the *Election Act* stipulate that the property of a volunteer, if it is provided or used in relation to the services of the individual as a volunteer, is not a political or sponsorship contribution or an election expense. However, a volunteer is not allowed to use equipment of their employer, as this would result in a prohibited contribution from their employer.

Reporting

Elections BC understands that auditors might not be able to report on the completeness of all financial transactions due to the nature of the operating environment. This would constitute a limitation in the scope of the auditor's examination and, accordingly, auditors may issue a qualified report. This type of qualified auditor's report is considered acceptable by Elections BC. Auditors may use the sample auditor's reports as set out in Appendix C, which are acceptable to Elections BC.

Auditors are cautioned that a qualified auditor's report might not be appropriate in some circumstances. Auditors should consider the requirements of CAS 705 to issue an adverse opinion, disclaim an opinion or withdraw from the engagement. For example, paragraph 8 of CAS 705 requires the auditor to express an adverse opinion when, having obtained sufficient appropriate audit evidence, the auditor concludes that misstatements are both material and pervasive to the financial report.

A disclaimer of opinion is required under section 214(3) of the *Election Act* in specific circumstances, as this section requires an auditor to make any additional reports the auditor considers necessary if:

- (a) the auditor has not received all the information and explanations required from the financial agent or from the organization or individual on whose behalf the report has been prepared, or
- (b) proper accounting records have not been kept by the financial agent."

The *Election Act* includes restrictions on overall and specific election expenses. An incorrect allocation of election, nomination or other expenses could be material to the financing reports.

Auditors are advised that language limiting the use and distribution of auditor's reports should not be included in auditor's reports. Financing reports filed under the *Election Act* become part of the public record as Elections BC is required under various sections of the *Election Act* to make such reports available to the public.

RECOMMENDED AUDIT PROCEDURES

Introduction

The *Election Act* contains a number of detailed and stringent requirements concerning election financing. It is strongly recommended that auditors read the *Election Act* and related regulations, as well as the various publications available from Elections BC, before proceeding with their work. Many auditors in the past have found that such audits tend to require much more effort than initially anticipated.

Auditors appointed under the *Election Act* should consider the sensitive nature of the engagements they are undertaking. The clients are engaging in political activities, which frequently come under public scrutiny. As well, all the reports filed with Elections BC become public documents. Moreover, any violation of the legislation could have serious consequences for their clients. (Refer to sections 216 to 227, 250.001 to 250.09, 262 to 266, and sections 231.02 and 247 of the *Election Act* for detailed penalties for failure to comply).

The engagement

The auditor is required by CAS 210 to obtain an engagement letter to clarify the nature of the services to be provided and the responsibilities of each party. It may be appropriate for different people to sign the engagement letter depending on who is the client. In the case of an audit of a candidate or leadership contestant, it is appropriate for the candidate or leadership contestant to sign the engagement letter as the relationship is between the auditor and the candidate or leadership contestant by virtue of appointment and agreement to serve. In addition, it is highly recommended for the financial agent to acknowledge the terms of engagement as he or she plays an integral part in the financial affairs of the candidate or leadership contestant. In fact, the *Election Act* requires the auditor to make his or her report to the financial agent.

In the case of an audit of a registered political party, registered constituency association or third party sponsor, it is appropriate for the principal officers to sign the engagement letter. It may be desirable for the auditor to obtain a new engagement letter should there be any change in key officials. Auditors should consider using the sample engagement letters in Appendix A.

Once appointed, auditors are strongly encouraged to meet with the candidate, financial agent or third party sponsor as early as possible to discuss the controls over the acceptance of contributions and the incurring of expenses. Other key people that an auditor should meet (depending on the entity being audited) include the campaign manager, the political party or constituency association president and the political party leader. In the past, auditors have found these meetings to be highly beneficial in ensuring that all concerned persons understand the importance of implementing such controls.

The audit

The *Election Act* requires that the financial/disclosure reports submitted under the Act be prepared in accordance with the regulations of the Chief Electoral Officer or, if no regulations apply, generally accepted accounting principles (GAAP), albeit with certain variations required by the Act and regulations. The most significant variation to GAAP is the requirement that all transactions being reflected in the reports be recorded at market value. This has significant implications for the auditor. As the transactions are occurring in the political arena, third party documentation supporting both donations and expenditures might not be reliable evidence of market value. For example, the invoiced amount for an expenditure might be discounted from market value, which should result in recognition of an expenditure at market value and a related contribution equal to the amount of the discount. Auditors will need to understand how this risk has been managed by the reporting entity to avoid the potential of being associated with financial information that is false or misleading.

Auditors are encouraged to use the suggested wording of the Auditor's Report in Appendix C, which is appropriate for an audit of special purpose financial statements prepared using a compliance framework under CAS 800 Special Considerations – Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks. The suggested wording in Appendix C also takes into account the limitation in scope of the examination and that verification of revenue and expenses is limited to what has been recorded in the accounts.

An unusual accounting situation arises when goods or services related to an election are purchased or received as contributions prior to the date the election is called. If such goods or services are used during the campaign period, their value is an election expense. Another unusual accounting treatment is that any "opening" inventory of signs (even used ones that were previously expensed) must be recorded at FMV and reported as an election expense, if the signs are used during the pre-campaign and/or campaign periods.

Given the number of uncommon accounting treatments, the relatively low volume of transactions, and the sensitivity around expenditures and political contributions, many auditors of election financing reports and third party sponsor disclosure reports examine one hundred percent of the transactions recorded rather than use a sampling method. Auditors may wish to consider this as part of their audit planning and risk assessment.

Representation letter

As in all assurance engagements, auditors of financing reports and disclosure reports use information supplied by the client. Representations made by the client need to be verified as part of the audit, and documented in the form of a written representation letter (see Appendix B). As with the engagement letter, the candidate, leadership contestant, principal officers of the registered political party, registered constituency association or third party sponsor are the appropriate signatories to the representation letter. In addition, the written representation letter for a candidate, leadership contestant, political party or constituency association should be signed by the financial agent, who is responsible for the fiscal controls as detailed in section 177 of the *Election Act*. The written representation letter for a third party sponsor should be signed by either the third party sponsor (if they are an individual) or the organization's principal officer who is responsible for receiving sponsorship contributions or sponsoring election advertising.

Sample audit procedures

The following list of procedures is not exhaustive, nor is it considered a minimum, for audits under the *Election Act*. The circumstances of each audit must be taken into account. As with any audit, the auditor should consider how materiality and the auditor's risk assessment procedures influence the nature, extent and timing of audit procedures.

Practitioners are expected to apply professional judgment in determining whether the sample audit procedures below are both appropriate and relevant to the circumstances of each engagement. While these sample audit procedures are recommended as a starting point for practitioners, they have not been issued under the authority of the Chartered Professional Accountants of British Columbia (CPABC).

1. Ensure you are eligible to accept the appointment as auditor (section 179 of the *Election Act*). Members of CPABC who accept an appointment as auditor are advised to confirm with CPABC that they are licensed for public practice in the appropriate category to perform this engagement. In addition, they are reminded to review the CPABC Code of Professional Conduct to ensure their compliance with the auditor independence rules therein.
2. Review the *Election Act*, to ensure you understand the audit and reporting requirements of the engagement, in particular:
 - The *Election Act* imposes limits on the amounts candidates, political parties and third party sponsors may spend in regards to an election.

- The *Election Act* imposes restrictions on who can make political contributions or sponsorship contributions, and limits on the value of contributions that can be accepted.
 - The *Election Act* requires that the audit be conducted in accordance with Canadian generally accepted auditing standards.
3. Obtain signed engagement letter from the client (see samples in Appendix A).
 4. Review and become familiar with the following, which are available from Elections BC:
 - *Election Act*, available for purchase from Crown Publications
 - Annual Financial Report Completion Guide
 - Guide for Financial Agents Appointed Under the *Election Act*
 - Guide for Third Party Advertisers and Campaigners
 - Electoral Finance Bulletins and Newsletters
 - Specific Financial/Disclosure Report Completion Guides

All of the above materials are available on Elections BC's website (elections.bc.ca).

5. Obtain directly from Elections BC a copy of the most recently filed registration documents which detail signing officers, banks accounts, financial agents and deputy financial agents, etc (see page 3 for more information).
6. Ensure a separate bank account has been used for the financial transactions of the registered political party, registered constituency association, candidate or leadership contestant.
7. For third party sponsors, ensure that a separate sponsorship bank account has been used if the third party sponsor has accepted more than \$10,000 in sponsorship contributions, to be used exclusively for the purpose of sponsoring election advertising.
8. All transfers of funds, goods and services, to or from another registered political entity, should be confirmed to ensure the transfer has been properly recorded in the client's records. Transfers are not considered to be political contributions to the transferee.

Where a registered political party, registered constituency association, candidate or leadership contestant receives a transfer, the financial agent should have a copy of, and the auditor should examine, the supporting documentation.

Note: Transfers between the third party sponsors are not permitted.

9. Obtain a signed letter of representation (see samples in Appendix B). Consider obtaining additional letters of representation from the campaign manager, political party or constituency association president and the political party leader.
10. Ensure that the filing requirements and deadlines, as outlined in the *Election Act*, are met. Failure to file on time is a contravention of the *Election Act* and may result in serious penalties.
11. Obtain from the financial agent/third party sponsor the completed forms to be filed with Elections BC and consider the applicability of the procedures set out in this guide in drafting an appropriate audit program.
12. Review all schedules contained in the materials to be submitted to Elections BC for accuracy and completeness, checking all additions and cross-references.
13. Review the "Relevant dates" section (page 15) of this guide to clarify the reporting period of the audit engagement.
14. Confirm that the candidate (or the financial agent) has returned all surplus funds to the registered political party, the registered constituency association, or Elections BC in accordance with section 210.01 of the *Election Act*.

Understanding of internal control and risk assessments

1. Obtain an understanding of the campaign and its environment, including internal control, e.g. the bookkeeping system, the financial controls over each type of transaction and the control environment.

The aspects affecting the control environment include but not limit to:

- Communication and enforcement of integrity and ethical values within the campaign.
- Commitment to competence, participation, philosophy and operating style of the financial agent, candidate or third party sponsor.
- The assignment of authority and responsibility within the campaign.
- The campaign structure and segregation of duties.
- Human resource policies and procedures and their implementation.

This understanding can be obtained notably through enquiries and discussions with the financial agent and the candidate or third party sponsor as well as from observation of the campaign.

During the campaign, personally visit and observe the operations at the campaign headquarters. Under normal circumstances, two visits, one close to General Voting Day, should be adequate.

The following matters should be considered during the observation:

- (a) size of headquarters, to ensure that rent expense is reasonable
 - (b) quantities and types of campaign literature
 - (c) duties of campaign workers present in relation to financial matters
 - (d) general campaign operations
 - (e) internal controls that appear to be in place
 - (f) information as to fundraising functions that have occurred or are anticipated
2. Inquire of the candidate and financial agent regarding their assessment of the risk that the report may be materially misstated due to fraud or any illegal acts.
 3. Determine the risk of material misstatements in the financing report, and ensure that it will be possible to reduce this risk to an acceptably low level with audit evidence obtained from substantive procedures.

Contributions

1. Ensure only the individuals authorized to accept political contributions have accepted contributions.
2. Ensure political contributions or sponsorship contributions are recorded according to section 190 or section 245 of the *Election Act*.
3. Ensure political contributions or sponsorship contributions are only accepted from eligible individuals, and within the applicable limits. Review the contributor eligibility declaration and consent documentation to ensure they are in compliance with the *Election Act*.
4. Ensure sponsorship contributions that were used to pay for election advertising are supported by contributor confirmation and consent, as required by section 235.04 of the *Election Act*.

5. Where political contributions or sponsorship contributions are required to be disclosed in a financing report, ensure the financing report includes each contributor who, during the period covered by the report, made one or more contributions that in total have a value of more than \$250, in accordance with section 206 or section 245 of the *Election Act*.
6. Ensure discounted property and services are accounted for under section 180(2) of the *Election Act*. If property (goods) or services are provided at less than their market value, the provider of the property or services is considered to have made a political contribution equal to the difference between the market value and the amount charged, unless their value is \$250 or less and they are sold at a fundraising function.
7. Ensure anonymous contributions were received as permitted by section 186 or section 235.06 and are recorded according to section 190 or section 245 of the *Election Act*.
8. As per section 189 of the *Election Act*, ensure all prohibited contributions (e.g., \$20 in cash received anonymously by mail) were either returned to the contributor within 30 days or remitted to Elections BC as soon as practicable. In case of third party sponsors, section 235.061 of the *Election Act* requires prohibited contributions to be returned to the contributor within 30 days if they do not meet the requirements of the Act. If the third party sponsor is not able to return the prohibited contribution, the sponsor must not use the contribution to sponsor election advertising.
9. Ensure loans and debts are properly recorded and disclosed according to sections 177, 181, 181.01, 190, 235.021 and 235.03 of the *Election Act*.
10. Agree cash received to bank deposit book, cash receipt records and bank statements.
11. Review supporting documentation for political contributions of property (goods) and services that are used in the campaign period to ensure that they are recorded as per the *Election Act*, and ensure correspondence is on file from the contributor indicating the market value for contribution purposes.
12. Reconcile the value of receipts issued, and reported in the financial report, to records of cash receipts and donations of goods and services.
13. Ensure the accuracy of income tax receipts issued. Tickets sold at a fundraising function that do not qualify as a political contribution may still result in the issuance of an income tax receipt. Income tax receipts may only be issued for contributions of money, and can never be issued by leadership contestants, nomination contestants and third party sponsors.
14. Verify serial continuity or sequential numbering of income tax receipts issued and on hand. Ensure all receipts are accounted for.

Fundraising activities of political parties, candidates, constituency associations, leadership contestants and third party sponsors

1. Sections 182, 185.01, 185.02 and 235.031 of the *Election Act* provides special rules for fundraising functions. Review the policy for allocating ticket revenue between contributions and expenses established for the event. Ensure official income tax receipts are issued for that part of the ticket price deemed to be tax receiptable (e.g. ticket price less the reasonable estimated cost per person).
2. Ensure that no organizations purchased any tickets to any fundraising events held by a political party, candidate, constituency association or leadership contestant.
3. Ensure that the market value of contributed property and services is properly determined (section 185 of the *Election Act*). If property (goods) or services are donated for sale and their market value is greater than \$250, the value of the political contribution is the market value of the goods and services. Note that usually most donations of property or services are political contributions regardless of their value, but there is an exception for goods or services that total \$250 or less and are sold at a fundraising function.
4. If property (goods) or services are purchased at a fundraising function at greater than market value, the difference between the price paid and market value is a political contribution.

Income tax receipts

1. Ensure income tax receipts for candidates are issued only for contributions of money given after the candidate has been issued a certificate of candidacy and before the day the writ of election is returned to the Chief Electoral Officer (the official end date of the election period) (section 192 of the *Election Act*). Income tax receipts cannot be issued for contributions to leadership contestants or third party sponsors.
2. Ensure income tax receipts issued are not for political contributions of property or services.
3. Ensure income tax receipts issued by registered political parties and registered constituency associations are not issued on behalf of nomination or leadership contestants or candidates.

Expenses

1. Ensure all contestant expenses are in compliance with the *Election Act*.
2. Ensure all election expenses are in compliance with the *Election Act*. An election expense is the value of property or services **used during the campaign period** to promote or oppose, directly or indirectly, a registered political party or the election of a candidate.
3. Ensure all campaign and pre-campaign election advertising expenses sponsored by third party sponsors are in compliance with the *Election Act*.
4. Ensure election and contestant expenses are incurred through the financial agent or an individual authorized in writing by the financial agent. Ensure all election and contestant expenses are paid by the financial agent or an individual authorized in writing by the financial agent and are paid out of the political party's, candidate's or contestant's bank account. This does not apply to a candidate's personal expenses as per section 193 of the *Election Act*.
5. Ensure that expenditures greater than \$25 are supported by adequate documentation (e.g., invoice or bill) as per section 177 of the *Election Act*.
6. Ensure the election expenses incurred by the registered political party or candidate, during the campaign period, comply with the limit established by sections 198, 199, 201, or 204 of the *Election Act*.

Contact Elections BC, or check its website (elections.bc.ca) for confirmation of the election expense limit to ensure the registered political party or candidate did not exceed the expense limit.

7. Ensure the value of election advertising sponsored by the third party sponsor during the campaign period, complies with the limit established by section 235.1 of the *Election Act*.

Contact Elections BC, or check its website (elections.bc.ca) for confirmation of the election advertising expense limit to ensure the third party sponsor did not exceed the limit.

8. Ensure expenses specified in section 203 of the *Election Act* or the regulations are not included as election expenses for the purpose of determining whether an organization or individual has complied with the election expense limit.

An election expense that is not included for the purpose of calculating whether there has been compliance with an expense limit is subject to all other provisions of the *Election Act*.

9. Review accruals for reasonableness and completeness as it is not unusual for there to be significant delays in receiving invoices after a campaign.
10. Obtain confirmation from the financial agent that no other person or organization has incurred election expenses without his or her knowledge and/or consent. It is not unusual for the financial agent to delegate to the campaign manager, party leader, or party president the authority to incur or authorize election expenses. This matter should also be addressed in the letter of representation (see samples in Appendix B).
11. Expenses incurred by a registered constituency association on the candidate's behalf must be attributed to the candidate's expense limit (section 200 of the *Election Act*). For audits of candidate's election financing reports, ensure these expenses are disclosed in the election financing report.

For audits of registered constituency association's election financing reports, ensure that expenses incurred on the candidate's behalf are reported as transfers to the candidate.

12. For audits of registered political party election financing reports, ensure that expenses incurred to promote specific candidates (other than the party leader) are divided and attributed to the candidates and reported as transfers given to the candidates. For audits of candidate election financing reports, ensure these expenses are disclosed in the election financing report. Where the candidate is also the political party leader, ensure the expenses incurred by the political party are correctly allocated and reported as an election expense of the political party (section 201 of the *Election Act*).
13. Obtain a list of paid staff working on the campaign from the financial agent. Review their contracts and document the payment arrangements. Confirm payment of salaries or the accrual of payables.
14. For registered political parties and constituency associations enquire of the financial agent if the entity controls other organizations and document the relationships. Confirm with the financial agent that activities of these controlled organizations are included in the election financing report for the registered political party or constituency association as required under section 210 (2.1) of the *Election Act*.
15. Confirm with the financial agent that all election advertising conducted on behalf of the candidate or party has been included. If election advertising was conducted by others with the consent of the financial agent, candidate or party, a political contribution should be recorded.

Reporting requirements

1. For registered political parties, constituency associations, candidates and leadership contestants, an audit must be conducted if political contributions, election expenses or contestant expenses are \$10,000 or more. However, the Chief Electoral Officer may require an auditor's report in other cases as well.
2. For third party sponsors, an audit is required for their third party sponsor disclosure report if they sponsored election advertising with a total value of \$10,000 or more.
3. The audit must be conducted in accordance with Canadian generally accepted auditing standards (section 214 of the *Election Act*).
4. Auditors must provide additional reports to the Chief Electoral Officer in accordance with section 214(3) of the *Election Act* if they have not received all the information and explanations required from the financial agent or third party sponsor or if proper accounting records have not been kept. As discussed above, this reporting requirement may be satisfied by the auditor issuing a disclaimer of opinion.
5. The financial agent or third party sponsor must ensure the financing/disclosure reports filed with Elections BC include all the required information as specified in the *Election Act*.
6. The financial agent or third party sponsor must file a copy of the auditor's report with the financing/disclosure report.

Additional procedures for annual audit of registered political parties and registered constituency associations

In general, the annual audit of a registered political party or a registered constituency association is not unlike an audit of other not-for-profit organizations. Accordingly, after the appropriate risk assessment and audit planning, auditors can reasonably follow their standard audit programs for similar not-for-profit organizations. However, auditors are reminded of some of the uncommon accounting treatments required by the *Election Act* and should consider incorporating the following procedures, as well as the previously identified procedures, into their audit programs.

1. Test to ensure goods are valued at market value and agree to supplier certification. Review this certification to ensure it does not contain a discount component, which could result in a prohibited contribution from the supplier, if the supplier is not an eligible individual.

2. Review internal controls over recording of contributions accepted, including goods and services donated. Ensure donated goods and services are recorded at market value. Ensure donated goods and services are properly recorded as contributions and expensed at appropriate values when used.
3. Ensure the registered party or registered constituency association has included all the financial information in its annual financial report (section 207 of the *Election Act*).
4. Ensure the registered political party has prepared a combined listing of contributions for the party, all its registered constituency associations, and all its candidates (section 207(4) of the *Election Act*).
5. Ensure the registered political party or the registered constituency association has reported all loans received during the year, including those that have been repaid during the year (section 207(3)(g) of the *Election Act*).
6. During a year where there has been an election, registered political parties and registered constituency associations are still required to submit an annual report as well as any necessary election financing reports. This means that some transactions will be reported twice, once in the election financing report and once in the annual financial report.

APPENDIX A - SAMPLE ENGAGEMENT LETTERS

The following sample letters are for engagements with registered political parties, constituency associations and candidates, and may be amended as appropriate in the circumstances.

Annual Financial Reports

of Political Parties and Constituency Associations

(Date)

(Name(s) of Principal Officer(s) of Political Party / Constituency Association)

(Address)

Dear *(Name)*:

I am writing to document our mutual understanding of the terms of my engagement as auditor to report under the *Election Act* on the annual financial report of *(Political Party/ Constituency Association)* for the year ended [year-end date]. In the event of an election called during the year, the Act requires that election financing reports also be prepared. My audit of any election financing reports is not the subject of this engagement letter, and would form the basis of a separate audit engagement covered by its own engagement letter.

Although an audit may not be required, I recognize the need to have an auditor registered on file with Elections BC. I understand that the *Election Act* does not require all financing reports filed with Elections BC to be audited. However, if the thresholds requiring an audit are met, or if an audit is otherwise required by the Chief Electoral Officer, I will perform the audit.

I will conduct my audit in accordance with Canadian generally accepted auditing standards and section 214 of the *Election Act*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual financial report is free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the annual financial report, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the annual financial report.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with Canadian generally accepted auditing standards.

In making my risk assessments, I consider internal control relevant to the *(Political Party / Constituency Association)*'s preparation of the annual financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the *(Political Party / Constituency Association)*'s internal control. However, we will communicate to you in writing concerning any significant deficiencies in internal control relevant to the audit of the annual financial report that we have identified during the audit.

My report will be addressed to your financial agent, (Name), and will state whether, in my opinion, the annual financial report for *(Political Party / Constituency Association)*, is prepared, in all material respects, in accordance with the accounting requirements of the *Election Act* or state that an opinion cannot be expressed. I shall also make such statements and modifications as I consider necessary in any case where, in my opinion:

(a) I have not received from the financial agent all the information and explanation that I required

or

(b) proper accounting records have not been kept by the financial agent.

One of the underlying principles of the profession is a duty of confidentiality with respect to client affairs. Accordingly, except for information that is in or enters the public domain, I will not provide any third party with confidential information concerning the affairs of *(Political Party / Constituency Association)* without *(Political Party / Constituency Association)*'s prior consent, unless required to do so by legal authority, or the rules of professional conduct / code of ethics of [provincial institute/association].

My audit will be conducted on the basis that management and the financial agent acknowledge and understand that they have responsibility:

- (a) For the preparation of the annual financial report in accordance with the accounting requirements of the *Election Act*;
- (b) For such internal control as management and the financial agent determine is necessary to enable the preparation of an annual financial report that is free from material misstatement, whether due to fraud or error; and

- (c) To provide me with:
 - (i) Access to all information of which management and the financial agent are aware that is relevant to the preparation of the annual financial report such as records, documentation and other matters;
 - (ii) Additional information that I may request from management and the financial agent for the purpose of the audit; and
 - (iii) Unrestricted access to persons within the (*Political Party / Constituency Association*) from whom I determine it necessary to obtain audit evidence.

The financial agent is also responsible for:

- (a) The timely preparation and the completeness of the accounting records and the financial reports, which are to be prepared in accordance with the *Election Act*;
- (b) Providing me with, and making available, complete financial records and related data and copies of all relevant minutes;
- (c) Providing me with information relating to any known or probable instances of non-compliance with the Act, including financial reporting requirements;
- (d) Providing me with information regarding any illegal or possibly illegal acts, and all facts related thereto;
- (e) Providing me with information regarding all related parties and related party transactions;
- (f) The design and implementation of internal controls to prevent and detect fraud and error;
- (g) An assessment of risk that the financial report may be materially misstated as a result of fraud;
- (h) Providing me with information relating to fraud or suspected fraud affecting the (*Political Party / Constituency Association*) involving management, employees who have significant roles in internal control; or others, where the fraud could have a non-trivial effect on the financial report;
- (i) Providing me with information relating to any allegations of fraud or suspected fraud affecting the financial report communicated by employees, former employees, regulators or others;
- (j) Communicating the belief that the effects of any uncorrected annual financial report misstatements aggregated during the audit are immaterial, both individually and in the aggregate, to the annual financial report taken as a whole;

- (k) Providing me with an assessment of the reasonableness of significant assumptions underlying fair market value measurements and disclosures in the annual financial report;
- (l) Providing me with any plans or intentions that may affect the carrying value or classification of assets or liabilities;
- (m) Providing me with information relating to the measurement and disclosure of transactions with related parties;
- (n) Providing me with information relating to claims and possible claims, whether or not they have been discussed with your legal counsel;
- (o) Providing me with information relating to other liabilities and contingent gains or losses, including those associated with guarantees, whether written or oral, under which the entity is contingently liable;
- (p) Providing me with information on whether the (*Political Party / Constituency Association*) has satisfactory title to assets, liens or encumbrances on assets exist, or assets are pledged as collateral;
- (q) Providing me with information relating to compliance with aspects of contractual agreements that may affect the annual financial report; and
- (r) Providing me with information concerning subsequent events.

As part of my audit process, I will request from management and the financial agent, and possibly other persons as considered necessary, written confirmation concerning representations made to me in connection with the audit.

It is not practicable for me to verify, from sources outside the accounting records, that all contributions are in accordance with the requirements with the *Election Act*, nor does the *Election Act* require me to do so. It may also not be practicable for me to determine that all donations in kind transactions relating to the (*Political Party / Constituency Association*) have been included in the accounting records. In my auditor's report, I shall state these facts when applicable. Of course, were it to appear from my examination that there were any transactions not in accordance with the requirements of the *Election Act*, or that there had been a significant omission from the accounting records, it would be necessary for me to make an appropriate modification to my auditor's report.

The *Election Act* requires my audit to be completed and the annual financial report to be filed with the Chief Electoral Officer by March 31 of the following year. Therefore, it is essential that the accounting records and annual financial report be completed in time to allow me a reasonable period to complete my examination. I anticipate that I will be able to provide my auditor's report on a timely basis if the annual financial report is complete and available to me on or before (*date*). You have agreed that the completed annual financial report will be provided to me by that date.

It may be necessary to conduct certain audit procedures at any time before or after the year-end. I understand that I will have access at all reasonable times to all records, documents, books, accounts, and vouchers relating to (*Political Party / Constituency Association*).

Provided there are no circumstances preventing me from expressing an opinion without any additional modification, my report should be similar to the enclosed sample auditor's report.

Fees will be determined based on time spent on this audit at my standard rates and any out-of-pocket costs incurred in relation to this audit.

If the above terms are acceptable to you, please sign the enclosed copy of this letter in the space provided and return it to me after obtaining your financial agent's signed acknowledgement that he or she understands the terms of this letter.

Yours truly,

Signed _____
Auditor

I confirm your appointment as auditor on the terms as set out in this letter.

Signed _____
Principal Officer(s) of (*Political Party / Constituency Association*)

Date _____

I acknowledge that I understand the above terms of your engagement which have been authorized by the Principal Officer(s) of the (*Political Party / Constituency Association*)

Signed _____ Date _____
Financial Agent

Election Financing Reports

of Candidates, Constituency Associations and Political Parties

(This letter, with appropriately amended wording, may also be used to document the engagement terms of the audit of a leadership contestant.)

(Date)

(Name of Candidate or Name(s) of Principal Officer(s) of Constituency Association / Political Party)

(Address)

Dear *(Name)*:

I am writing to document our mutual understanding of the terms of my engagement as auditor to report under the *Election Act* on the election financing report relating to *(your candidacy or the campaign of the Political Party / Constituency Association)* for the election to be held on *(date of election)*.

Although an audit may not be required, I recognize the need to have an auditor registered on file with Elections BC. I understand that the *Election Act* does not require all election financing reports filed with Elections BC to be audited. However, if the thresholds requiring an audit are met, or if an audit is otherwise required by the Chief Electoral Officer, I will perform the audit.

I will conduct my audit in accordance with Canadian generally accepted auditing standards and section 214 of the *Election Act*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the election financing report is free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the election financing report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the election financing report, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the election financing report.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with Canadian generally accepted auditing standards.

In making my risk assessments, I consider internal control relevant to *(your or the Political Party / Constituency Association)* preparation of the election financing report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose

of expressing an opinion on the effectiveness of (*your or the campaign of the Political Party / Constituency Association*)'s internal control. However, we will communicate to you in writing concerning any significant deficiencies in internal control relevant to the audit of the election financing report that we have identified during the audit.

My report will be addressed to your financial agent (*Name*) and will state whether, in my opinion, your election financing report is prepared, in all material respects, in accordance with the accounting requirements of the *Election Act* or state that an opinion cannot be expressed. I shall also make such statements and modifications as I consider necessary in any case where, in my opinion:

(a) I have not received from the financial agent all the information and explanations that I required

or

(b) proper accounting records have not been kept by the financial agent.

One of the underlying principles of the profession is a duty of confidentiality with respect to client affairs. Accordingly, except for information that is in or enters the public domain, I will not provide any third party with confidential information concerning the affairs of the (*Candidate / Political Party / Constituency Association*) without (*Candidate / Political Party / Constituency Association's*) prior consent, unless required to do so by legal authority, or the rules of professional conduct / code of ethics of [provincial association].

My audit will be conducted on the basis that you and the financial agent acknowledge and understand your responsibility:

- (a) For the preparation of the election financing report in accordance with the accounting requirements of the *Election Act*;
- (b) For such internal control as you and the financial agent determine is necessary to enable the preparation of an election financing report that is free from material misstatement, whether due to fraud or error; and
- (c) To provide me with:
 - i. Access to all information of which you and the financial agent are aware that is relevant to the preparation of the election financing report such as records, documentation and other matters;
 - ii. Additional information that I may request from you and the financial agent for the purpose of the audit; and
 - iii. Unrestricted access to persons within the (*Political Party / Constituency Association*) from whom I determine it necessary to obtain audit evidence.

The financial agent is also responsible for:

- (a) The timely preparation and the completeness of the accounting records and the financial reports, which are to be prepared in accordance with the *Election Act*;
- (b) Providing me with and making available complete financial records and related data and copies of all relevant minutes;
- (c) Providing me with information relating to any known or probable instances of non-compliance with the Act, including financial reporting requirements;
- (d) Providing me with information regarding any illegal or possibly illegal acts, and all facts related thereto;
- (e) Providing me with information regarding all related parties and related party transactions;
- (f) The design and implementation of internal controls to prevent and detect fraud and error;
- (g) An assessment of risk that the financial report may be materially misstated as a result of fraud;
- (h) Providing me with information relating to fraud or suspected fraud affecting the (*Candidate / Political Party / Constituency Association*) involving management, employees who have significant roles in internal control; or others, where the fraud could have a non-trivial effect on the financial report;
- (i) Providing me with information relating to any allegations of fraud or suspected fraud affecting the financial report communicated by employees, former employees, regulators or others;
- (j) Communicating the belief that the effects of any uncorrected financial report misstatements aggregated during the audit are immaterial, both individually and in the aggregate, to the financial report taken as a whole;
- (k) Providing me with an assessment of the reasonableness of significant assumptions underlying fair market value measurements and disclosures in the financial report;
- (l) Providing me with any plans or intentions that may affect the carrying value or classification of assets or liabilities;
- (m) Providing me with information relating to the measurement and disclosure of transactions with related parties;
- (n) Providing me with information relating to claims and possible claims, whether or not they have been discussed with your legal counsel;

- (o) Providing me with information relating to other liabilities and contingent gains or losses, including those associated with guarantees, whether written or oral, under which the entity is contingently liable;
- (p) Providing me with information on whether the (*Candidate / Political Party / Constituency Association*) has satisfactory title to assets, liens or encumbrances on assets exist, or assets are pledged as collateral;
- (q) Providing me with information relating to compliance with aspects of contractual agreements that may affect the financial report; and
- (r) Providing me with information concerning subsequent events.

As part of my audit process, I will request from the (*Candidate / Political Party / Constituency Association*) and the financial agent, and possibly other persons as considered necessary, written confirmation concerning representations made to me in connection with the audit.

The *Election Act* prescribes limitations on the amount of election expenses. It is not practicable for me to verify, from sources outside the accounting records, that all expenses and contributions are in accordance with the requirements with the *Election Act*, nor does the *Election Act* require me to do so. It may also not be practicable for me to determine that all financial transactions relating to the election have been included in the accounting records. In my auditor's report, I shall state these facts when applicable. Of course, were it to appear from my examination that there were any transactions not in accordance with the requirements of the *Election Act*, or that there had been a significant omission from the accounting records, it would be necessary for me to make an appropriate modification to my auditor's report.

The *Election Act* requires my audit to be completed and the election financing report to be filed with the Chief Electoral Officer within 90 days of General Voting Day. Therefore, it is essential that the accounting records and election financing report be completed in time to allow me a reasonable period to complete my audit. I anticipate that I will be able to provide my auditor's report on a timely basis if the election financing report is complete and available to me on or before (*date*). You have agreed that the completed election financing report will be provided to me by that date.

It may be necessary to conduct certain audit procedures at any time before or after General Voting Day. I understand that I will have access at all reasonable times to all records, documents, books, accounts and vouchers relating to the election.

Provided there are no circumstances preventing me from expressing an opinion without any additional modification, my report should be similar to the enclosed sample auditor's report.

Fees will be determined based on time spent on this audit at my standard rates and any out-of-pocket costs incurred in relation to this audit.

If the above terms are acceptable to you, please sign the enclosed copy of this letter in the space provided and return it to me after obtaining your financial agent's signed acknowledgement that they understand the terms of this letter.

Yours truly,

Signed _____
Auditor

I confirm your appointment as auditor on the terms as set out in this letter.

Signed _____
Candidate /Principal Officer(s) of (*Political Party / Constituency Association*)

Date _____

I acknowledge that I understand the above terms of your engagement which have been authorized by Candidate /Principal Officer(s) of the (*Political Party / Constituency Association*)

Signed _____
Financial Agent

_____ Date

Third Party Sponsor Disclosure Reports

of Third Party Sponsors

(Date)

(Name or Name(s) of Principal Officer(s) of Third Party Sponsor)

(Address)

Dear (Name):

I am writing to document our mutual understanding of the terms of my engagement as auditor to report under the *Election Act* on the third party sponsor disclosure report relating to the election to be held on (date of election).

I understand that the *Election Act* does not require all third party sponsor disclosure reports filed with Elections BC to be audited. However, if the thresholds requiring an audit are met for third party sponsor disclosure reports, or if an audit is otherwise required by the Chief Electoral Officer, I will perform the audit.

I will conduct my audit in accordance with Canadian generally accepted auditing standards and section 214 of the *Election Act*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the third party sponsor disclosure report is free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the third party sponsor disclosure report, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the third party sponsor disclosure report.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with Canadian generally accepted auditing standards.

In making my risk assessments, I consider internal control relevant to your preparation of the report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of your internal control. However, we will communicate to you in writing concerning any significant deficiencies in internal control relevant to the audit of the third party sponsor disclosure report that we have identified during the audit.

My report will be addressed to you, (Principal Officer's Name), and will state whether, in my opinion, your report is prepared, in all material respects, in accordance with the accounting

requirements of the *Election Act* or state that an opinion cannot be expressed. I shall also make such statements and modifications as I consider necessary in any case where, in my opinion:

(a) I have not received from you all the information and explanations that I required

or

(b) proper accounting records have not been kept by you.

One of the underlying principles of the profession is a duty of confidentiality with respect to client affairs. Accordingly, except for information that is in or enters the public domain, I will not provide any third party with confidential information concerning the affairs of the (*Third Party Sponsor's Name*) without your prior consent, unless required to do so by legal authority, or the rules of professional conduct / code of ethics of [provincial institute / association].

My audit will be conducted on the basis that you acknowledge and understand your responsibility:

- (a) For the preparation of the third party sponsor disclosure report in accordance with the accounting requirements of the *Election Act*;
- (b) For such internal control as you determine is necessary to enable the preparation of the report that is free from material misstatement, whether due to fraud or error; and
- (c) To provide me with:
 - i. Access to all information of which you are aware that is relevant to the preparation of the report such as records, documentation and other matters;
 - ii. Additional information that I may request from you for the purpose of the audit; and
 - iii. Unrestricted access to persons within the (*Third Party Sponsor Organization*) from whom I determine it necessary to obtain audit evidence.

You are also responsible for:

- (a) The timely preparation and the completeness of the accounting records and the disclosure reports, which are to be prepared in accordance with the *Election Act*;
- (b) Providing me with and making available complete financial records and related data and copies of all relevant minutes;
- (c) Providing me with information relating to any known or probable instances of non-compliance with the Act, including financial reporting requirements;

- (d) Providing me with information regarding any illegal or possibly illegal acts, and all facts related thereto;
- (e) Providing me with information regarding all related organizations and related organization transactions;
- (f) The design and implementation of internal controls to prevent and detect fraud and error;
- (g) An assessment of risk that the report may be materially misstated as a result of fraud;
- (h) Providing me with information relating to fraud or suspected fraud affecting the *(Third Party Sponsor)* involving management, employees who have significant roles in internal control; or others, where the fraud could have a non-trivial effect on the disclosure report;
- (i) Providing me with information relating to any allegations of fraud or suspected fraud affecting the disclosure report communicated by employees, former employees, regulators or others;
- (j) Communicating the belief that the effects of any uncorrected disclosure report misstatements aggregated during the audit are immaterial, both individually and in the aggregate, to the disclosure report taken as a whole;
- (k) Providing me with an assessment of the reasonableness of significant assumptions underlying market value measurements and disclosures in the disclosure report;
- (l) Providing me with information relating to the measurement and disclosure of transactions with related parties;
- (m) Providing me with information relating to claims and possible claims, whether or not they have been discussed with your legal counsel;
- (n) Providing me with information relating to other liabilities and contingent gains or losses, including those associated with guarantees, whether written or oral, under which the entity is contingently liable;
- (o) Providing me with information relating to compliance with aspects of contractual agreements that may affect the disclosure report; and
- (p) Providing me with information concerning subsequent events.

As part of my audit process, I will request from you, and possibly other persons as considered necessary, written confirmation concerning representations made to me in connection with the audit.

The *Election Act* prescribes limitations on the amount of campaign period election advertising. It is not practicable for me to verify, from sources outside the accounting records, that all expenses and contributions are in accordance with the requirements with the *Election Act*, nor does the *Election Act* require me to do so. It may also not be practicable for me to determine that all financial transactions relating to the election have been included in the accounting records. In my auditor's report, I shall state these facts when applicable. Of course, were it to appear from my examination that there were any transactions not in accordance with the requirements of the *Election Act*, or that there had been a significant omission from the accounting records, it would be necessary for me to make an appropriate modification to my auditor's report.

The *Election Act* requires my audit to be completed and the third party sponsor disclosure report to be filed with the Chief Electoral Officer within 90 days of General Voting Day. Therefore, it is essential that the accounting records and disclosure report be completed in time to allow me a reasonable period to complete my audit. I anticipate that I will be able to provide my auditor's report on a timely basis if the report is complete and available to me on or before (date). You have agreed that the completed report will be provided to me by that date.

It may be necessary to conduct certain audit procedures at any time before or after General Voting Day.

I understand that I will have access at all reasonable times to all records, documents, books, accounts and vouchers relating to the election.

Provided there are no circumstances preventing me from expressing an opinion without any additional modification, my report should be similar to the enclosed sample auditor's report.

Fees will be determined based on time spent on this audit at my standard rates and any out-of-pocket costs incurred in relation to this audit.

If the above terms are acceptable to you, please sign the enclosed copy of this letter in the space provided and return it to me.

Yours truly,

Signed _____
Auditor

I confirm your appointment as auditor on the terms as set out in this letter.

Signed _____
Principal Officer(s) of (*Third Party Sponsor*)

Date _____

Leadership Financing Reports

of Leadership Contestants

(Date)

(Name of Leadership Contestant)

(Address)

Dear *(Name)*:

I am writing to document our mutual understanding of the terms of my engagement as auditor to report under the *Election Act* on the leadership contestant financing report relating to your campaign to seek the leadership of the *(Political Party Name)* to be held on *(date of election)*.

Although an audit may not be required, I recognize the need to have an auditor registered on file with Elections BC. I understand that the *Election Act* does not require all leadership contestant financing reports filed with Elections BC to be audited. However, if the thresholds requiring an audit are met, or if an audit is otherwise required by the Chief Electoral Officer, I will perform the audit.

I will conduct my audit in accordance with Canadian generally accepted auditing standards and section 214 of the *Election Act*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the election financing report is free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the leadership contestant financing report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the leadership contestant financing report, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the leadership contestants financing report.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with Canadian generally accepted auditing standards.

In making my risk assessments, I consider internal control relevant to your preparation of the leadership contestant financing report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of your internal control. However, we will communicate to you in writing concerning any significant deficiencies in internal control relevant to the audit of the leadership contestant financing report that we have identified during the audit.

My report will be addressed to your financial agent (*Name*) and will state whether, in my opinion, your leadership contestant financing report is prepared, in all material respects, in accordance with the accounting requirements of the *Election Act* or state that an opinion cannot be expressed. I shall also make such statements and modifications as I consider necessary in any case where, in my opinion:

- (a) I have not received from the financial agent all the information and explanations that I required

or

- (a) proper accounting records have not been kept by the financial agent.

One of the underlying principles of the profession is a duty of confidentiality with respect to client affairs. Accordingly, except for information that is in or enters the public domain, I will not provide any third party with confidential information concerning the affairs of the (*Leadership Contestant*) without (*Leadership Contestant's*) prior consent, unless required to do so by legal authority, or the rules of professional conduct / code of ethics of [provincial institute/association].

My audit will be conducted on the basis that you and the financial agent acknowledge and understand your responsibility:

- (a) For the preparation of the leadership contestant financing report in accordance with the accounting requirements of the *Election Act*;
- (b) For such internal control as you and the financial agent determine is necessary to enable the preparation of a leadership contestant financing report that is free from material misstatement, whether due to fraud or error; and
- (c) To provide me with:
 - i. Access to all information of which you and the financial agent are aware that is relevant to the preparation of the leadership contestant financing report such as records, documentation and other matters;
 - ii. Additional information that I may request from you and the financial agent for the purpose of the audit; and
 - iii. Unrestricted access to persons within the (*Political Party*) from whom I determine it necessary to obtain audit evidence.

The financial agent is also responsible for:

- (a) The timely preparation and the completeness of the accounting records and the financial reports, which are to be prepared in accordance with the *Election Act*;
- (b) Providing me with and making available complete financial records and related data and copies of all relevant minutes;
- (c) Providing me with information relating to any known or probable instances of non-compliance with the Act, including financial reporting requirements;

- (d) Providing me with information regarding any illegal or possibly illegal acts, and all facts related thereto;
- (e) Providing me with information regarding all related parties and related party transactions;
- (f) The design and implementation of internal controls to prevent and detect fraud and error;
- (g) An assessment of risk that the financial report may be materially misstated as a result of fraud;
- (h) Providing me with information relating to fraud or suspected fraud affecting the (*Leadership Contestant*) involving management, employees who have significant roles in internal control; or others, where the fraud could have a non-trivial effect on the financial report;
- (i) Providing me with information relating to any allegations of fraud or suspected fraud affecting the financial report communicated by employees, former employees, regulators or others;
- (j) Communicating the belief that the effects of any uncorrected financial report misstatements aggregated during the audit are immaterial, both individually and in the aggregate, to the financial report taken as a whole;
- (k) Providing me with an assessment of the reasonableness of significant assumptions underlying market value measurements and disclosures in the financial report;
- (l) Providing me with information relating to the measurement and disclosure of transactions with related parties;
- (m) Providing me with information relating to claims and possible claims, whether or not they have been discussed with your legal counsel;
- (n) Providing me with information relating to other liabilities and contingent gains or losses, including those associated with guarantees, whether written or oral, under which the entity is contingently liable;
- (o) Providing me with information relating to compliance with aspects of contractual agreements that may affect the financial report; and
- (p) Providing me with information concerning subsequent events.

As part of my audit process, I will request from the (*Leadership Contestant*) and the financial agent, and possibly other persons as considered necessary, written confirmation concerning representations made to me in connection with the audit.

It is not practicable for me to verify, from sources outside the accounting records, that all expenses and contributions are in accordance with the requirements with the *Election Act*, nor does the *Election Act* require me to do so. It may also not be practicable for

me to determine that all financial transactions relating to the leadership contest have been included in the accounting records. In my auditor's report, I shall state these facts when applicable. Of course, were it to appear from my examination that there were any transactions not in accordance with the requirements of the *Election Act*, or that there had been a significant omission from the accounting records, it would be necessary for me to make an appropriate modification to my auditor's report.

The *Election Act* requires my audit to be completed and the leadership contestant financing report to be filed with the Chief Electoral Officer within 90 days after the leader has been selected. Therefore, it is essential that the accounting records and leadership contestant financing report be completed in time to allow me a reasonable period to complete my audit. I anticipate that I will be able to provide my auditor's report on a timely basis if the leadership contestant financing report is complete and available to me on or before (date). You have agreed that the completed leadership contestant financing report will be provided to me by that date.

It may be necessary to conduct certain audit procedures at any time before or after the leader is selected. I understand that I will have access at all reasonable times to all records, documents, books, accounts and vouchers relating to the leadership contest.

Provided there are no circumstances preventing me from expressing an opinion without any additional modification, my report should be similar to the enclosed sample auditor's report.

Fees will be determined based on time spent on this audit at my standard rates and any out-of-pocket costs incurred in relation to this audit.

If the above terms are acceptable to you, please sign the enclosed copy of this letter in the space provided and return it to me after obtaining your financial agent's signed acknowledgement that he or she understands the terms of this letter.

Yours truly,

Signed _____
Auditor

I confirm your appointment as auditor on the terms as set out in this letter.

Signed _____
Leadership Contestant

Date _____

I acknowledge that I understand the above terms of your engagement which have been authorized by leadership contestant.

Signed _____ Date _____
Financial Agent

APPENDIX B - SAMPLE REPRESENTATION LETTERS

The following are sample representation letters for use in annual and election engagements. The letters should be amended as appropriate in the circumstances.

Annual Financial Reports

(Date)

(Auditor)

(Address)

Dear (Auditor):

We are providing this letter in connection with your audit of the annual financial report of (*Political Party or Constituency Association*) for the fiscal period beginning (*date*) and ending (*date*), for the purpose of expressing an opinion as to whether the annual financial report is prepared, in all material respects, in accordance with the *Election Act*.

We confirm, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated [insert date], for the preparation of the annual financial report in accordance with the accounting requirements of the *Election Act*.
2. Significant assumptions used by us in making accounting estimates, including measurements at fair market value, are reasonable.
3. All events subsequent to the date of the annual financial report that bear on the annual financial report have been adjusted as appropriate in the circumstances.
4. The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the annual financial report as a whole. A list of the uncorrected misstatements is attached to this representation letter.
5. All contributions, loans, gifts, donations in kind, and other amounts received and all expenses incurred have been determined and recorded as required by the *Election Act*. In particular, all monetary contributions received have been deposited in accounts in accordance with the *Election Act*. All contributed goods and services have been valued in accordance with the *Election Act*.

6. The (*Political Party or Constituency Association*) has satisfactory title to all assets, and there are no liens or encumbrances on such assets.
7. Inventory on hand at the beginning of the year is appropriately valued in accordance with the *Election Act*.
8. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you, and are appropriately reflected in the annual financial report.
9. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities reflected in the annual financial report.
10. We have identified to you all known related entities and related entity transactions, including guarantees, non-monetary transactions and transactions for no consideration, and all related entity transactions have been appropriately measured and disclosed in the annual financial report in accordance with the *Election Act*.
11. We have disclosed to you all claims and possible claims against the (*Political Party / Constituency Association*), whether or not such claims have been discussed with a lawyer.
12. We are unaware of any outstanding debts that have not been reported in the accounting records.

Information provided

1. We have provided you with:
 - i. Access to all information of which we are aware that is relevant to the preparation of the annual financial report, such as records, documentation and other matters.
 - ii. Additional information that you have requested from us for the purpose of the audit; and
 - iii. Unrestricted access to persons with the (*Political Party or Constituency Association*) from whom you determined it necessary to obtain audit evidence.
2. All material transactions have been properly recorded and reported in accordance with the *Election Act*.
3. We have disclosed to you the results of our assessment of the risk that the annual financial report may be materially misstated as a result of fraud.

4. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the (*Political Party or Constituency Association*) and involves:
 - i. Management;
 - ii. Employees who have significant roles in internal control; and
 - iii. Others where the fraud could have a material effect on the annual financial report.
5. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the (*Political Party or Constituency Association*)'s annual financial report communicated by employees, former employees, volunteers or others.
6. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations, including the *Election Act*, whose effects should be considered when preparing the annual financial report.
7. All persons making political contributions, and all persons indicated on the tax receipt forms made such contributions on their own behalf and not as nominees for other persons or organizations, except as permitted by the *Election Act*.
8. All contributions received from prohibited contributors have been returned to the contributor or remitted to the Chief Electoral Officer and are disclosed but not reflected in the annual financial report, including prohibited anonymous contributions.
9. (Other relevant representations).

Yours truly,

Signed

Principal Officer(s) of (*Political Party or Constituency Association*)

Date

Signed

Financial Agent

Date

Signed

Other personnel (if applicable)

Date

Election Financing Reports

(Date)

(Auditor)

(Auditor Address)

Dear (Auditor):

We are providing this letter in connection with your audit of the election financing report of (Candidate, Political Party or Constituency Association) in relation to the British Columbia (by) election held on (date), for the purpose of expressing an opinion as to whether the election financing report is prepared, in all material respects, in accordance with the *Election Act*.

We confirm, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated [insert date], for the preparation of the election financing report in accordance with the accounting requirements of the *Election Act*.
2. Significant assumptions used by us in making accounting estimates, including measurements at fair market value, are reasonable.
3. All events subsequent to the date of the election financing report that bear on the election financing report have been adjusted as appropriate in the circumstances.
4. The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the election financing report as a whole. A list of the uncorrected misstatements is attached to this representation letter.
5. Expenses incurred have been properly classified as either election expenses or non-election expenses and are within the prescribed limitations. No election expenses have been incurred which are not reflected in the election financing report.
6. All contributions, loans, gifts, donations in kind, and other amounts received and all expenses incurred have been determined and recorded as required by the *Election Act*. In particular, all monetary contributions received have been deposited in accounts in accordance with the *Election Act*. All contributed goods and services have been valued in accordance with the *Election Act*.
7. The (Candidate, Political Party or Constituency Association) has satisfactory title to all assets, and there are no liens or encumbrances on such assets.

8. Inventory on hand at the beginning of the year is appropriately valued in accordance with the *Election Act*.
9. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you, and are appropriately reflected in the election financing report.
10. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities reflected in the election financing report.
11. We have identified to you all known related entities and related entity transactions, including guarantees, non-monetary transactions and transactions for no consideration, and all related entity transactions have been appropriately measured and disclosed in the election financing report in accordance with the *Election Act*.
12. We have disclosed to you all claims and possible claims against the (*Candidate, Political Party or Constituency Association*), whether or not such claims have been discussed with a lawyer.
13. We are unaware of any outstanding debts that have not been reported in the accounting records.

Information Provided

1. We have provided you with:
 - i. Access to all information of which we are aware that is relevant to the preparation of the election financing report, such as records, documentation and other matters.
 - ii. Additional information that you have requested from us for the purpose of the audit; and
 - iii. Unrestricted access to persons with the (*Candidate, Political Party or Constituency Association*) from whom you determined it necessary to obtain audit evidence.
2. All material transactions have been properly recorded and reported in accordance with the *Election Act*.
3. We have disclosed to you the results of our assessment of the risk that the election financing report may be materially misstated as a result of fraud.
4. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the (*Candidate, Political Party or Constituency Association*) and involves:

- i. Management;
 - ii. Employees who have significant roles in internal control; and
 - iii. Others where the fraud could have a material effect on the election financing report.
5. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the (*Candidate, Political Party or Constituency Association*)'s election financing report communicated by employees, former employees, volunteers or others.
 6. 6.We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations, including the *Election Act*, whose effects should be considered when preparing the election financing report.
 7. All persons making political contributions, and all persons indicated on the tax receipt forms made such contributions on their own behalf and not as nominees for other persons or organizations, except as permitted by the *Election Act*.
 8. All contributions received from prohibited contributors have been returned to the contributor or remitted to the Chief Electoral Officer and are disclosed but not reflected in the election financing report, including prohibited anonymous contributions.
 9. No other person or organization has incurred election expenses with knowledge and/or consent of the financial agent.
 10. (Other relevant representations).

Yours truly,

Signed _____
Candidate or Principal Officer(s) of (*Political Party or Constituency Association*)

Date _____

Signed _____ Date _____
Financial Agent

Signed _____ Date _____
Other Personnel (if applicable)

Third Party Sponsor Disclosure Reports

(Date)

(Auditor)

(Auditor Address)

Dear *(Auditor)*:

We are providing this letter in connection with your audit of the third party sponsor disclosure report of *(Third Party Sponsor)* in relation to the British Columbia (by) election held on *(date)*, for the purpose of expressing an opinion as to whether the disclosure report is prepared, in all material respects, in accordance with the *Election Act*.

We confirm, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated *(date)*, for the preparation of the disclosure report in accordance with the accounting requirements of the *Election Act*.
2. Significant assumptions used by us in making accounting estimates, including measurements at market value, are reasonable.
3. All events subsequent to the date of the disclosure report that bear on the third party sponsor disclosure report have been adjusted as appropriate in the circumstances.
4. The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the disclosure report as a whole. A list of the uncorrected misstatements is attached to this representation letter.
5. Expenses in relation to election advertising incurred during the relevant periods have been properly classified and are within the prescribed limitations. No expenses in relation to election advertising have been incurred which are not reflected in the disclosure report.
6. All contributions, loans, gifts, donations in kind, and other amounts received and all expenses incurred in relation to election advertising have been determined and recorded as required by the *Election Act*. In particular, all monetary sponsorship contributions received have been deposited in accounts in accordance with the *Election Act*. All contributed goods and services have been valued in accordance with the *Election Act*.

7. We have identified to you all known related entities and related entity transactions, including guarantees, non-monetary transactions and transactions for no consideration, and all related entity transactions have been appropriately measured and disclosed in the disclosure report in accordance with the *Election Act*.
8. We have disclosed to you all claims and possible claims against the (*Third Party Sponsor*), whether or not such claims have been discussed with a lawyer.
9. We are unaware of any outstanding debts that have not been reported in the accounting records.

Information Provided

1. We have provided you with:
 - i. Access to all information of which we are aware that is relevant to the preparation of the disclosure report, such as records, documentation and other matters.
 - ii. Additional information that you have requested from us for the purpose of the audit; and
 - iii. Unrestricted access to persons with the (*Third Party Sponsor*) from whom you determined it necessary to obtain audit evidence.
2. All material transactions have been properly recorded and reported in accordance with the *Election Act*.
3. We have disclosed to you the results of our assessment of the risk that the disclosure report may be materially misstated as a result of fraud.
4. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the (*Third Party Sponsor*) and involves:
 - i. Management;
 - ii. Employees who have significant roles in internal control; and
 - iii. Others where the fraud could have a material effect on the disclosure report.
5. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the (*Third Party Sponsor*)'s disclosure report communicated by employees, former employees, volunteers or others.
6. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations, including the *Election Act*, whose effects should be considered when preparing the disclosure report.

7. All persons making sponsorship contributions, made such contributions on their own behalf and not on behalf of other persons or organizations, and we have received the required confirmation and consent to from the contribution to use these contributions for the purpose of sponsoring election advertising.
8. All prohibited sponsorship contributions have been returned to the contributor or remitted to the Chief Electoral Officer.
9. No other person or organization has incurred election advertising expenses with knowledge and/or consent of the third party sponsor.
10. (Other relevant representations).

Yours truly,

Signed _____
Individual Principal Officer(s) of (*Third Party Sponsor*)

Date _____

Signed _____ Date _____
Other Personnel (if applicable)

Leadership Contestant Financing Reports

(Date)

(Auditor)

(Auditor Address)

Dear *(Auditor)*:

We are providing this letter in connection with your audit of the leadership contestant financing report of *(Leadership Contestant)* in relation to the leadership contest held on *(date)*, for the purpose of expressing an opinion as to whether the financing report is prepared, in all material respects, in accordance with the *Election Act*.

We confirm, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated *(date)*, for the preparation of the leadership contestant financing report in accordance with the accounting requirements of the *Election Act*.
2. Significant assumptions used by us in making accounting estimates, including measurements at fair market value, are reasonable
3. All events subsequent to the date of the leadership contestant financing report that bear on the leadership contestant financing report have been adjusted as appropriate in the circumstances.
4. The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the leadership contestant financing report as a whole. A list of the uncorrected misstatements is attached to this representation letter.
5. No contestant expenses have been incurred which are not reflected in the leadership contestant financing report.
6. All contributions, loans, gifts, donations in kind, and other amounts received and all expenses incurred have been determined and recorded as required by the *Election Act*. In particular, all monetary contributions received have been deposited in accounts in accordance with the *Election Act*. All contributed goods and services have been valued in accordance with the *Election Act*.

7. The (*Leadership Contestant*) has satisfactory title to all assets, and there are no liens or encumbrances on such assets.
8. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you, and are appropriately reflected in the election financing report.
9. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities reflected in the election financing report.
10. We have identified to you all known related entities and related entity transactions, including guarantees, non-monetary transactions and transactions for no consideration, and all related entity transactions have been appropriately measured and disclosed in the leadership contestant financing report in accordance with the *Election Act*.
11. We have disclosed to you all claims and possible claims against the (*Leadership Contestant*), whether or not such claims have been discussed with a lawyer.
12. We are unaware of any outstanding debts that have not been reported in the accounting records.

Information Provided

1. We have provided you with:
 - i. Access to all information of which we are aware that is relevant to the preparation of the leadership contestant financing report, such as records, documentation and other matters.
 - ii. Additional information that you have requested from us for the purpose of the audit; and
 - iii. Unrestricted access to persons with the (*Leadership Contestant*) from whom you determined it necessary to obtain audit evidence.
2. All material transactions have been properly recorded and reported in accordance with the *Election Act*.
3. We have disclosed to you the results of our assessment of the risk that the leadership contestant financing report may be materially misstated as a result of fraud.

APPENDIX C — SAMPLE AUDITOR'S REPORTS

The following are sample auditor's reports for annual and election engagements.

Annual Financial Report – Political Party / Constituency Association

INDEPENDENT AUDITOR'S REPORT

To *(name)*, Financial Agent for *(Political Party/Constituency Association)*

Qualified Opinion

I have audited the accompanying annual financial report of the *(Political Party/Constituency Association)* for the year ended *(date)*.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the accompanying annual financial report of the *(Political Party/Constituency Association)* for the year ended *(date)* is prepared, in all materials respects, in accordance with the financial reporting provisions of Part 10 of the *Election Act* (British Columbia).

Basis for Qualified Opinion

Due to the nature of the transactions inherent in any *(either "political party" or "constituency association")*, the completeness of contributions and other revenue and expenses is not susceptible to satisfactory audit verification. Accordingly, my verification of these transactions was limited to the amounts recorded in the *(Political Party/Constituency Association)* records and I was not able to determine whether any adjustments might be necessary to the annual financial report.

I conducted my audit in accordance with Canadian generally accepted auditing standards as required by Section 214 of the *Election Act* (British Columbia). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Annual Financial Report* section of my report. I am independent of the *(Political Party/Constituency Association)* in accordance with the ethical requirements that are relevant to my audit of the annual financial report in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of Matter – Restriction on Use

This annual financial report is prepared to assist the financial agent of (Political Party/Constituency Association) to comply with the financial reporting provisions of the *Election Act* (British Columbia) referred to above. As a result, the annual financial report may not be suitable for another purpose. My opinion is not modified in respect of this matter.

Responsibilities of the Financial Agent for the Annual Financial Report

The financial agent is responsible for the preparation of the annual financial report in accordance with the financial reporting provisions of Part 10 of the *Election Act* (British Columbia) and for such internal control as the financial agent determines is necessary to enable the preparation of an annual financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Annual Financial Report

My objectives are to obtain reasonable assurance about whether the annual financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this annual financial report.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the annual financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the (Political Party/Constituency Association)'s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the financial agent.

I communicate with the financial agent of (*Political Party/Constituency Association*) regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

[Auditor's signature]

[Auditor's address if not on letterhead]

[Date of the auditor's report]

Election Financing Report – Political Party / Constituency Association

INDEPENDENT AUDITORS' REPORT

To *(name)*, Financial Agent for *(Political Party/Constituency Association)*

Qualified Opinion

I have audited the accompanying election financing report of the *(Political Party/Constituency Association)* relating to the British Columbia *(by)* election held on *(date)*.

In my opinion, except for the effects of the matter described in the *Basis for qualified opinion* section of my report, the accompanying election financing report of the *(Political Party/Constituency Association)* relating to the British Columbia *(by)* election held on *(date)* is prepared, in all materials respects, in accordance with the financial reporting provisions of Part 10 of the *Election Act* (British Columbia).

Basis for Qualified Opinion

Due to the nature of the transactions inherent in any *(either "political party" or "constituency association")*, the completeness of contributions and other revenue and expenses is not susceptible to satisfactory audit verification. Accordingly, my verification of these transactions was limited to the amounts recorded in the *(Political Party/Constituency Association)* records and I was not able to determine whether any adjustments might be necessary to the election financing report.

I conducted my audit in accordance with Canadian generally accepted auditing standards as required by Section 214 of the *Election Act* (British Columbia). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Election Financing Report* section of my report. I am independent of the *(Political Party/Constituency Association)* in accordance with the ethical requirements that are relevant to my audit of the election financing report in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of Matter – Restriction on Use

This election financing report is prepared to assist the *(Political Party/Constituency Association)* to comply with the financial reporting provisions of the *Election Act* (British Columbia) referred to above. As a result, the election financing report may not be suitable for another purpose. My opinion is not modified in respect of this matter.

Responsibilities of the Financial Agent for the Election Financing Report

The financial agent is responsible for the preparation of the election financing report in accordance with the financial reporting provisions of Part 10 of the *Election Act* (British Columbia) and for such internal control as the financial agent determines is necessary to enable the preparation of an election financing report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Election Financing Report

My objectives are to obtain reasonable assurance about whether the election financing report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this election financing report.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the election financing report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the (*Political Party/Constituency Association*)'s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the financial agent.

I communicate with the financial agent of (*Political Party/Constituency Association*) regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

[Auditor's signature]

[Auditor's address if not on letterhead]

[Date of the auditor's report]

Election Financing Report – Candidate

INDEPENDENT AUDITORS' REPORT

To *(name)*, Financial Agent for *(Candidate)*,

Qualified Opinion

I have audited the accompanying election financing report of the *(Candidate)* relating to the British Columbia *(by)*election held on *(date)* in the electoral district of *(name of electoral district)*.

In my opinion, except for the effects of the matter described in the *Basis for Qualified Opinion* section of my report, the accompanying election financing report of the *(Candidate)* for the British Columbia *(by)*election held on *(date)* in the electoral district of *(name of electoral district)* is prepared, in all materials respects, in accordance with the financial reporting provisions of Part 10 of the *Election Act* (British Columbia).

Basis for Qualified Opinion

Due to the nature of the transactions inherent in any election campaign, the completeness of contributions and other revenue and expenses is not susceptible to satisfactory audit verification. Accordingly, my verification of these transactions was limited to the amounts recorded in the election campaign records and I was not able to determine whether any adjustments might be necessary to the election financing report.

I conducted my audit in accordance with Canadian generally accepted auditing standards as required by Section 214 of the *Election Act* (British Columbia). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Election Financing Report* section of my report. I am independent of the *(candidate)* in accordance with the ethical requirements that are relevant to my audit of the election financing report in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of Matter – Restriction on Use

This election financing report is prepared to assist the *(Candidate)* to comply with the financial reporting provisions of the *Election Act* (British Columbia) referred to above. As a result, the election financing report may not be suitable for another purpose. My opinion is not modified in respect of this matter.

Responsibilities of the Financial Agent for the Election Financing Report

The financial agent is responsible for the preparation of the election financing report in accordance with the financial reporting provisions of Part 10 of the *Election Act* (British

Columbia) and for such internal control as the financial agent determines is necessary to enable the preparation of an election financing report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Election Financing Report

My objectives are to obtain reasonable assurance about whether the election financing report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this election financing report.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the election financing report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the *(Candidate)*'s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the financial agent.

I communicate with the financial agent of *(Candidate)* regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

[Auditor's signature]

[Auditor's address if not on letterhead]

[Date of the auditor's report]

Third Party Sponsor Disclosure Report

INDEPENDENT AUDITORS' REPORT

To *(name)*, Principal Officer for *(Third Party Sponsor)*

Qualified Opinion

I have audited the accompanying third party sponsor disclosure report of *(Third Party Sponsor)* relating to the British Columbia *(by)*election held on *(date)*.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the accompanying third party sponsor disclosure report of the *(Third Party Sponsor)* relating to the British Columbia *(by)*election held on *(date)* is prepared, in all materials respects, in accordance with the financial reporting provisions of Part 11 of the *Election Act* (British Columbia).

Basis for Qualified Opinion

Due to the nature of the transactions inherent in any election campaign, the completeness of sponsorship contributions and expenses in relation to election advertising is not susceptible to satisfactory audit verification. Accordingly, my verification of these transactions was limited to the amounts recorded in the third party sponsor records and I was not able to determine whether any adjustments might be necessary to the third party sponsor disclosure report.

I conducted my audit in accordance with Canadian generally accepted auditing standards as required by Section 214 and 245.01 of the *Election Act* (British Columbia). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Third Party Sponsor Disclosure Report* section of my report. I am independent of the third party sponsor in accordance with the ethical requirements that are relevant to my audit of the third party sponsor disclosure report in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of Matter – Restriction on Use

This third party sponsor disclosure report is prepared to assist third party sponsor to comply with the financial reporting provisions of the *Election Act* (British Columbia) referred to above. As a result, the third party sponsor disclosure report may not be suitable for another purpose. My opinion is not modified in respect of this matter.

Responsibilities of the Principal Officer for the Third Party Sponsor Disclosure Report

The principal officer of the third party sponsor is responsible for the preparation of the third party sponsor disclosure report in accordance with the financial reporting provisions

of Part 11 of the *Election Act* (British Columbia) and for such internal control as the principal officer determines is necessary to enable the preparation of a third party sponsor disclosure report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Third Party Sponsor Disclosure Report

My objectives are to obtain reasonable assurance about whether the third party sponsor disclosure report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this third party sponsor disclosure report.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the third party sponsor disclosure report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of *(Third Party Sponsor)*'s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the principal officer.

I communicate with the principal officer for *(Third Party Sponsor)* regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

[Auditor's signature]

[Auditor's address if not on letterhead]

[Date of the auditor's report]

Leadership Contest Financing Report

INDEPENDENT AUDITORS' REPORT

To (name), Financial Agent for (*Leadership Contestant*)

Qualified Opinion

I have audited the accompanying leadership contestant financing report of the leadership contestant relating to the (*Political party*) leadership selection held on (*date*).

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the accompanying leadership contestant financing report of the leadership contestant relating to the (*Political Party*) leadership selection held on (*date*) is prepared, in all materials respects, in accordance with the financial reporting provisions of Part 10 of the *Election Act* (British Columbia).

Basis for qualified opinion

Due to the nature of the transactions inherent in any leadership contest, the completeness of contributions and other revenue and expenses is not susceptible to satisfactory audit verification. Accordingly, my verification of these transactions was limited to the amounts recorded in the contest records and I was not able to determine whether any adjustments might be necessary to the leadership contestant financing report.

I conducted my audit in accordance with Canadian generally accepted auditing standards as required by Section 214 of the *Election Act* (British Columbia). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Leadership Contestant Financing Report section of my report. I am independent of the leadership contestant in accordance with the ethical requirements that are relevant to my audit of the leadership contestant financing report in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of Matter – Restriction on Use

This leadership contestant financing report is prepared to assist leadership contestant to comply with the financial reporting provisions of the *Election Act* (British Columbia) referred to above. As a result, the leadership contestant financing report may not be suitable for another purpose. My opinion is not modified in respect of this matter.

Responsibilities of the Financial Agent for the Leadership Contestant Financing Report

The financial agent is responsible for the preparation of the leadership contestant financing report in accordance with the financial reporting provisions of Part 10 of the *Election Act*

(British Columbia) and for such internal control as the financial agent determines is necessary to enable the preparation of a leadership contestant financing report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Leadership Contestant Financing Report

My objectives are to obtain reasonable assurance about whether the leadership contestant financing report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this leadership contestant financing report.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the leadership contestant financing report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the leadership contestant's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the financial agent.

I communicate with the financial agent of leadership contestant regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

[Auditor's signature]

[Auditor's address if not on letterhead]

[Date of the auditor's report]

QUESTIONS?

For more information:

Phone toll-free	1-800-661-8683
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Or contact Elections BC at:

Mailing address	PO Box 9275 Stn Prov Govt, Victoria, B.C. V8W 9J6
Phone	250-387-5305
Fax	250-387-3578
Toll-free fax	1-866-466-0665
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