

Auditor's Guide



Elections Nova Scotia is the independent, non-partisan agency responsible for conducting provincial elections.

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Preface

This guide has been prepared to provide guidance to auditors appointed under the *Elections 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 *Elections Act*.

The public funding of registered parties and candidate election expenses requires both accountability and transparency. Audit reporting under the Act significantly enhances the public's confidence in the financing of the electoral process. This document, the *Auditor's Guide* confirms the commitment of the Chief Electoral Officer to supporting the external audit process and enhancing the overall quality of electoral finance reporting.

This guide has been updated for the Canadian Auditing Standards (CAS), which replaced Canadian generally accepted auditing standards for periods ended after December 14, 2010.

Our office would like to thank other Canadian electoral bodies for their support in the preparation of this document.

Introduction

The *Elections Act* requires participants in the Nova Scotia electoral process (candidates, registered electoral district associations and registered political parties) to prepare election reports and appoint auditors to report on them as outlined in section 172 of the Act. Audit reporting under the *Elections 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 Auditing Standards.

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

This guide is only a summary of the *Elections Act* and does not take precedence over the *Elections Act*. Where relevant, sections of the *Elections Act* have been noted.

All auditors who have been asked to accept an appointment as auditor under the *Elections Act* are strongly urged to obtain and become familiar with the following publications, which are available on the Elections Nova Scotia website at www.elections.ns.ca:

- The *Elections Act*
- Handbook for the Official Agent of a Candidate
- Handbook for the Official Agent of an Electoral District Association
- Information for Prospective Candidates
- Various Circulars, Forms and "FAQs"
- Training videos for Official Agents

All of the above are also available in paper copies from Elections Nova Scotia.



Another important source of information relevant to the audit is the original application for registration and any amendments (note that Elections Nova Scotia must be notified of changes to registration information). This includes the following information regarding the registered candidate/entity:

- name
- address
- telephone numbers
- official agent
- auditor
- principal officers (for political parties and electoral district associations)
- banks at which deposits are to be made
- sample signatures

A copy of the most recent registration documents filed with Elections Nova Scotia may be obtained by contacting Elections Nova Scotia. In addition, a list of the current registered parties, electoral district associations and candidates can be found on the website.

Auditor appointment

Filing of financial related reports, including the audit or review requirements, is outlined in the following sections of the Act:

- Political Parties – sections 222 to 225
- Electoral District Associations – section 227
- Candidates – sections 229 to 231

Section 172 of the *Election Act* outlines the conditions under which all registered political parties, electoral district associations and candidates appoint an auditor.

“Who must appoint”

- 172 (1) *Every registered party shall appoint an auditor.*
- 172 (2) *Every electoral district association shall appoint an auditor if it receives contributions in excess of five thousand dollars¹ in a calendar year.*
- 172 (3) *Every registered candidate who files nomination documents shall appoint an auditor.*
- 172 (4) *A registered candidate who receives contributions in excess of five thousand dollars in a calendar year in which*
 - (a) *a writ of election is not issued in the registered candidate’s electoral district; or a writ of election is issued in the registered candidate’s electoral district and the registered candidate does not become a candidate in the election, shall appoint an auditor”*

¹ In 2016, this amount will be increased to \$10,000



If the appointment ends for any reason, the organization or candidate must appoint a new auditor immediately and notify the Chief Electoral Officer.

Section 173 requires the auditor to be a public accountant as defined and licensed under the *Public Accountants Act*. A list of licensed individuals can be located on the Public Accountants Board of Nova Scotia website (www.pabns.com).

Section 175 outlines who specifically may not be appointed an auditor.

"Disqualifications"

- 175 *The following individuals may not act as an auditor for a registered party, an electoral district association or candidate:*
- (a) *an election officer;*
 - (b) *an individual already acting as the official agent of a registered party, electoral district association or candidate;*
 - (c) *an individual involved in the raising, spending or custody of money or property of a registered party, electoral district association or candidate;*
 - (d) *an individual engaged by an electoral district association to provide bookkeeping services;*
 - (e) *a candidate."*

An auditor must be independent and be free from any influence, interest or relationship with the affairs of the candidate, electoral district association or registered party that would, or would be seen to, impair the auditor's judgement or objectivity.

Audit requirement

As noted earlier, Section 172 of the *Elections Act* outlines the instances/situations when an auditor is to be appointed. The auditor's report must be filed with Elections Nova Scotia by the official agent, along with the relevant reports.

Sections 178 and 179 of the *Elections Act* outline the provisions related to the audit of the relevant reports. Key points of these two sections are:

- the auditor shall make a report to the official agent;
- the report will provide an opinion respecting the financial statement, an element of a financial statement or the report being audited;
- the report will indicate that the audit is performed using CAS;
- the auditor will make any additional reports the auditor considers necessary (an example of this may be reported expenditures that are not supported with documentation, or recorded at a value other than "market value"; and
- the auditor is to have access at all reasonable times to all records, documents, books, accounts and vouchers.

Timing of reporting

As noted earlier, sections 222-225, 227 and 229-231 outline the regular annual financial reporting and election reporting required for registered parties, electoral district associations and candidates. The following table provides an overview and a brief summary of the requirements.



Entity	Reporting Deadline
Registered Parties – Annual Report	April 30
Registered Parties – Election Report	120 days after return of writ
Electoral District Associations	March 31
Candidates – Non-election Year	March 31
Candidates – Election Year	80 days after return of writ

Registered Parties

Annual audited financial statements are required to be published within **120** days after the end of each fiscal year. (Section 222) Currently the fiscal year for the four registered political parties is the calendar year. An annual audited financial report in prescribed form is required to be filed by April 30 of the year immediately after the calendar year. (Section 224)

An audited tax receipts report in prescribed form is required to be filed by **April 30** of the year immediately after the calendar year. (Section 225)

An election expenses report in prescribed form accompanied by original invoices, receipts and other vouchers is required to be filed within **120** days after the day fixed for the election or by-election. (Section 223)

Electoral District Associations

An annual financial report in prescribed form is required to be filed by **March 31** of the year immediately after the calendar year. (Section 227) A copy of the bank statement for each account identified in the electoral district association's registration must be included with the annual report. The contributions must be audited if total contributions reported exceed \$5,000². If total contributions and other income, excluding transfers, exceed \$20,000, a review engagement report must accompany the annual financial report.

Candidates

An audited election expenses report in prescribed form is required to be filed within **80** days after the election or by-election. The report must be accompanied by the original invoices, bank statements, receipts and other vouchers. The Chief Electoral Officer may approve an extension of the filing period for up to 30 days upon written application of the official agent. (Section 229) Auditors must have sufficient time to complete their audit and review the audit results with the official agent, before the official agent submits the audited reports to Elections Nova Scotia.

An annual financial report in prescribed form is required to be filed for each period that begins when the individual became a registered candidate and ends with the earliest of the date on which he/she ceases to be a candidate, an election or by-election in the candidate's electoral district (section 229 would apply), or the end of the calendar year if no election is held in which case must be filed by **March 31**. (Section 230)

An audited tax receipts report must be filed within **80** days after the election. (Section 231)

A disposal of excess contributions report in prescribed form must be filed within **one month** after the candidate receives the candidate's reimbursement of election expenses or within two months after filing the report when the candidate is not entitled to reimbursement. (Section 232)

² Increase to \$10,000 in 2016



Election expenses limits

Section 166(i) provides a detailed description of what is and is not considered to be an election expense. In simple terms, election expense are all expenses incurred during an election for the purpose of promoting or opposing directly or indirectly the election of a candidate or the program or policy of a candidate or party and includes expenditures incurred before an election for literature, objects, or materials of an advertising nature used during the election for any of such purposes.

Election expense spending limits are outlined in sections 259 and 260 for registered political parties and candidates. The spending limits are based on the number of electors in each electoral district³. The rates noted in these sections are indexed in accordance with the Consumer Price Index for the Province published by Statistics Canada.

The Chief Electoral Officer will calculate the maximum election expenses permitted based on the most current list of electors at the time of writ of election. The calculations will be published on the Elections Nova Scotia website. When the final list of electors is greater than the most current list provided earlier, the maximum expenses will be adjusted upwards.

Accounting and reporting requirements

The *Elections Act* outlines the accounting and reporting requirements of certain items in the election reports. In particular, candidate reporting requirements may be different than anticipated and some items are discussed below. Further details can also be found in the Handbook for the Official Agent of a Registered Candidate.

EXPENSES

Election Expenses

Section 166(i) defines election expenses as all expenses incurred during an election for the purpose of promoting or opposing directly or indirectly the election of a candidate or the program or policy of a candidate or party and includes expenditures incurred before an election for literature, objects, or materials of an advertising nature used during the election for any such purposes.

Requirements for Receipts/Invoices

Per section 262 of the *Elections Act*, any payment of \$25 or more for elections expenses must be supported by a receipt which provides all details needed to audit the expense. The receipt must outline the rate used to determine the expense, the timing of the expense and sufficient details to ensure the expense can be appropriately classified as an election or non-election expense.

Per Diems

While the official agent is not prohibited from paying a campaign worker a per diem amount for expenses, the per diem amount cannot be claimed as an election expense. In order to claim for services provided by individuals as election expenses, the workers must provide detailed receipts supporting the reimbursement amounts.

Personal Expenses of the Candidate

³ By-election spending limits for registered parties are based on a fixed amount.



Per section 261(4), reimbursement of election expenses that the candidate has paid personally are limited to \$1,000. A candidate cannot personally pay for publicity expenses, which would include advertising of any description, including publicity costs for a nomination convention. Candidate's transportation costs are not considered an election expense and are not reimbursable.

Campaign Office Close Out Costs

While reimbursement of election expenses is limited to those expenses incurred or consumed during the election period, expenses related the closing of a campaign office for up to seven days after election day are considered election expenses. For example, office rent, telephone & internet costs can be claimed under this provision.

Costs Incurred Prior to the Election Period

Certain advertising and other costs may be incurred prior to the election period and considered an election expense. For example, a candidate may purchase certain advertising items in advance such as signs, posters, pamphlets and buttons, which are not used until the election period. These items would be considered eligible reimbursable election expenses as they were not used until the election period.



Non-Election Expenses

A candidate's campaign may incur expenses that are not considered election expenses under the *Elections Act* (and not eligible for reimbursement) but are nonetheless campaign expenses and must be included in the election reports filed by the official agent.

The *Elections Act* and the Handbook for the Official Agent of a Registered Candidate provide guidance on this area. For example, the following items are not considered election expenses:

- the nomination fee provided with the candidate's nomination papers;
- certain personal expenses of the candidate including salary replacement, dry cleaning and child care expenses;
- costs for goods and services consumed after the close of polls on election day, including post-election parties and volunteer appreciation events;
- recount costs and legal fees;
- audit costs; and
- liquor regardless of the purpose.

CONTRIBUTIONS AND DONATIONS

Contributions

Only individuals who are residents of Nova Scotia can make political contributions. With the exception of a spouse, an individual cannot contribute funds that do not belong to them.

Anonymous contributions cannot be accepted. If an official agent receives an anonymous contribution, it must be returned to the donor (if he/she can be identified), or remitted to the Chief Electoral Officer who will transfer it to the Minister of Finance. Form 8-1 must be completed for each returned contribution.

Restrictions on Contributions and Donations

Maximum amount that can be contributed by an individual in a calendar year to a registered party, its electoral district associations and its candidates is \$5,000. This includes monetary and non-monetary donations. Official agents cannot accept more than \$100 in cash from any contributor in a calendar year.

Disclosure of Contributions and Donations

Forms 2-3A and 2-3B are to be used to record all contributions and donations. The official agent must provide the full name of the individual, the full residential address (do not use PO Box as an address), and the total amount of all contributions made during the reporting period. If a contributor makes cumulative contributions exceeding \$200, these will be disclosed publicly on the Elections Nova Scotia website.

Donation in Kind

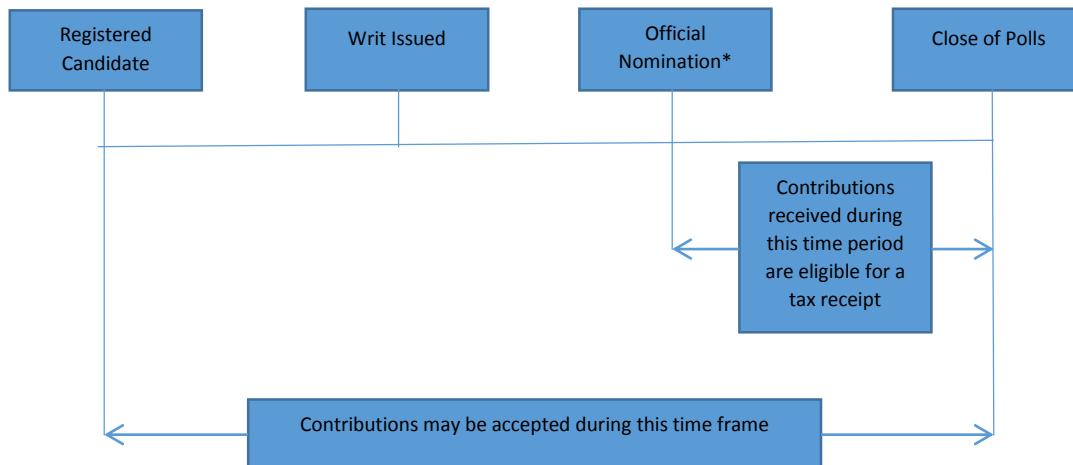
A donation in kind is the provision of goods, services or property for the benefit of a candidate. It does not include personal services or the use of a vehicle volunteered by a person and not provided as part of that person's work or in the service of an employer. A donation in kind is considered a contribution and must be recorded and disclosed. Donated goods and services must be valued at fair market value of the goods or services provided.



Tax Receipts

The official agent of a candidate can only issue tax receipts for monetary contributions from the time a candidate is officially nominated (which is not the date the election period starts) to the close of polls on election day. Donated goods and services are not eligible to receive a tax receipt.

The following chart may assist readers in determining the timing of contributions and tax receipts.



- This is the date that the nomination documents are accepted and signed by the Returning Officer.

OTHER

Loans

The reporting requirements for loans are complex and further details can be located in the Handbook for the Official Agent of a Registered Candidate. To summarize, if the candidate borrows money, there must be a loan agreement in writing outlining the amount of the loan, term of the loan, interest rate of the loan, name and address of the lender and the name and address of any guarantor.

If the loan remains outstanding after the official agent files all reports related to election reporting, an additional reporting obligation is created as certain information must be reported annually until the loan is repaid. The loan must be repaid within two years.

Recommended audit procedures

INTRODUCTION

The *Elections Act* contains a number of detailed and stringent requirements concerning election reports. It is strongly recommended that auditors review the *Elections Act* and the various publications available from Elections Nova Scotia 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 *Elections 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 Nova Scotia become public documents.

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, it is appropriate for the official agent to sign the engagement letter as the relationship is between the auditor and the official agent. The *Elections Act* requires the auditor to make his or her report to the official agent.

In the case of an audit of a registered political party or registered electoral district association, 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 may consider using the sample engagement letters in Appendix A.

Once appointed, auditors are strongly encouraged to meet with the official agent as early as possible to discuss the controls over the acceptance of contributions and the incurring of election expenses.

THE AUDIT

The *Elections Act* (the *Act*) requires that the financial reports submitted under the *Act* be prepared in accordance with the prescribed form outlined in the *Act*. The *Act* requires all transactions reflected in the reports to be recorded at fair market value (FMV). This has significant implications for the auditor. Auditors should also be aware that all election reports and supporting schedules and documents are considered public documents and are available for the public and press to review.

Auditors may consider using 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 advertising materials related to an election are purchased prior to the date the election is called. If such materials are used during the election 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 an appropriate value and reported as a discount on the election expense report and subsequently considered an election expense for purposes of the maximum allowable amount to be spent, if the signs are used during the pre-campaign and/or campaign periods. Although this expense is considered an election expense, it is not considered a reimbursable election expense.

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



REPRESENTATION LETTER

As in all assurance engagements, auditors of election 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 principal officers of the registered political party or registered electoral district association are the appropriate signatories to the representation letter. In addition, the written representation letter should be signed by the official agent, who is responsible for the fiscal controls as detailed in section 171 of the *Elections Act*.

SAMPLE AUDIT PROCEDURES

The following list of procedures is not exhaustive, nor is it considered a minimum, for audits under the *Elections 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. These procedures have been designed for the audit of a candidate's election report.

GENERAL

1. Ensure you are eligible to accept the appointment as auditor (section 175 of the *Elections Act*) and are licensed under the *Public Accountants Act*.
2. Review the *Elections Act*, to ensure you understand the audit and reporting requirements of the engagement, in particular:
 - The *Elections Act* imposes limits on the amounts candidates and political parties may spend in regards to an election.
 - The *Elections Act* requires that the audit be conducted in accordance with CAS.
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 Nova Scotia:
 - The Elections Act
 - Handbook for the Official Agent of a Candidate
 - Handbook for the Official Agent of an Electoral District Association
 - Information for Prospective Candidates
 - Various Circulars, Forms and frequently Asked Questions (FAQs)
5. Ensure a separate bank account has been used for the financial transactions of the registered candidate.
6. 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 electoral district association, candidate receives a transfer, the official agent should have a copy of, and the auditor should examine, the supporting documentation.

7. Obtain a signed letter of representation (see samples in Appendix B).
8. Ensure that the filing requirements and deadlines, as outlined in the *Elections Act*, are met.
9. Obtain from the official agent the completed forms and supporting documentation to be filed with Elections Nova Scotia and consider the applicability of the procedures set out in this guide in drafting an appropriate audit program.



10. Review all schedules contained in the materials to be submitted to Elections Nova Scotia for accuracy and completeness, checking all additions and cross-references.
11. Review the "Timing of Reporting" section in the body of this guide to clarify the reporting period of the audit engagement.

CONTRIBUTIONS

1. Ensure political contributions are recorded according to section 235 of the *Elections Act*.
2. Where political contributions are required to be disclosed in an election report, ensure the election report includes each contributor who, during the period covered by the report, made one or more political contributions that in total have a value of more than \$200, in accordance with section 240 of the *Elections Act*.
3. Ensure all anonymous contributions were either returned within 30 days or remitted to the Chief Electoral Officer, according to section 241 of the *Elections Act*. All returned contributions must be documented on Form 8-1 and a copy submitted to Elections Nova Scotia.
4. Ensure all contributions were made only by individuals who are residents of Nova Scotia.
5. Ensure loans and debts are properly recorded and disclosed according to sections 215 - 219 of the *Elections Act*.
6. Agree cash received to bank deposit book, cash receipt records and bank statements.
7. For contributions of goods and services, ensure correspondence is on file from the contributor indicating the fair market value for contribution purposes.
8. Reconcile the value of receipts issued, and reported in the election reports, to records of cash receipts and donations of goods and services.
9. Ensure the accuracy of income tax receipts issued. Income tax receipts may only be issued for contributions of money. Political parties can issue tax receipts year round. Electoral district association cannot issue tax receipts. The official agent of a candidate can only issue tax receipts for monetary contributions from the time a candidate is officially nominated (which is not the date the election period starts) to the close of polls on election day.
10. Verify serial continuity of income tax receipts issued and on hand. Ensure all receipts are accounted for.
11. For any fundraising activities resulting in the issuance of tax receipts, ensure the appropriate reports have been completed and approved by the Chief Electoral Officer in accordance with section 253(1)(b) of the *Elections Act*.

EXPENSES

1. Confirm candidate election expense limits with Elections Nova Scotia and ensure the election expenses comply with the limits in the *Elections Act*.
2. Ensure all election expenses are in compliance with section 166(i) of the *Elections Act*.
3. Ensure election expenses are incurred through the official agent or an individual authorized in writing by the official agent. Ensure that expenditures greater than \$25 are supported by adequate documentation (i.e. invoice or bill) and provides sufficient detail to support the expense as per section 262 of the *Elections Act*.



4. Review supporting documentation for political contributions of property (goods) and services to ensure that they are recorded as per the *Elections Act*.
5. Ensure that all election expenses have been appropriately classified on the election reports by category.
6. Review payables and accruals for reasonableness and completeness as it is not unusual for there to be significant delays in receiving invoices after a campaign. Section 262(2) requires suppliers to provide invoices not later than thirty days after election day to the official agent.
7. Obtain confirmation from the official agent that no other person or organization has incurred election expenses without his or her knowledge and consent. Experience has shown that it is not unusual for the official agent to delegate to the other individuals the authority to incur or authorize election expenses. This matter should also be included in the letter of representation (see samples in Appendix B).
8. Review any expenses that have been billed to the campaign by the candidate's registered party and supporting documentation such as the registered party's original invoice exists where required.
9. Obtain a list of paid staff working on the campaign from the official agent. Review their contracts and document the payment arrangements. Confirm payment of salaries or the accrual of payables. Salary payments to the official agent must be authorized by another individual or entity. Typically the official agent of the electoral district association or party has provided this authorization in the past.
10. Review expenses to determine if any expenses are capital in nature. If so, ensure that only a reasonable portion of the cost of the capital asset used during the election was recorded as an election expense.
11. Ensure that any signs or advertising materials from a previous election that were used in the election being reported on, have been included in the election reports as discounts.

FINAL REVIEW/SUBMISSION TO ELECTIONS NOVA SCOTIA (Note: All documents are to be submitted to the Candidate's Official Agent, then forwarded to Elections Nova Scotia)

While the auditor's responsibility is limited to providing an audit opinion on the candidate's election reports, at times, the official agent will rely on the auditor for assistance in preparing the final submission. As guidance for the auditor, the items noted below must be submitted with the audited election reports before reimbursement of eligible expenses can commence (made in two instalments.)

1. Auditor's Report and Invoice – must be signed and invoice for services attached
2. Candidate's Financial Statements and Supporting Schedules (Form 2) – must be signed and dated
3. Candidate Application for Reporting Extension (Form 2-1) – may not be applicable
4. Summary of Financial Activity – Income and Expenses (Form 2-3) – must be signed and dated
5. Monetary Contributions and Fundraising Events (Form 2-3A)
6. Donations in Kind (Form 2-3B)
7. Transfers to and from Registered Party or Electoral District Association (Form 2-3C)

8. Loan or Line of Credit, Calculation of Interest Benefit (Form 2-3D) – all related loan documents must be included
9. Details of Election and Non-Election Expenses (Form 2-3E) – all original receipts, invoices, bank statements, bank reconciliations, etc must be included
10. Summary of Election Expenses (Form 2-3F) – must be signed and dated, will be scanned and posted to the website within 10 days of receipt
11. Candidate's Balance Sheet (Form 2-4)
12. Report Respecting Tax Receipts for Candidate (Form 2-5) – this form, all unused tax receipts and copies of used tax receipts are required to be given to the Returning Officer within 30 days after the election. This form requires an audit opinion and thus a copy of this form should be submitted as a part of the candidate's election reports.

It should be noted that while some forms may be "nil", Elections Nova Scotia still requires the forms to be submitted as part of the election reports. All "nil" forms should be appropriately noted as such and not be submitted without any notation.

While Elections Nova Scotia places reliance on the auditor's review to ensure the completeness and reasonableness of the election reports, Elections Nova Scotia will conduct its own review with emphasis placed on certain areas in order to ensure compliance with the *Elections Act* and due diligence for taxpayer funds. We have provided some information below as to the review.

1. Mathematical accuracy of all forms/schedules, tracing all relevant information to the appropriate forms.
2. Contribution disclosures (form 2-3A and 2-3B) - required contributor information is noted on the forms and no prohibited contributions have been accepted. These schedules are used to prepare the disclosure statements which are published on the website.
3. Loan or Line of Credit (form 2-3D) – all relevant loan documents have been provided. These documents are critical as there are stringent reporting requirements if loans remain unpaid at the end of the election.
4. Expenses (form 2-3E and form 2-3F) – detailed review of all expenses to ensure they have been properly allocated to the election expenses (including the appropriate classification) and non-election expenses. Emphasis is placed on ensuring detailed documentation is provided.
5. Candidate's Balance Sheet (form 2-4) – all amounts on the balance sheet are supported by appropriate documentation and that the balance sheet balances.
6. Candidate's Statement of Cash Flow (Form 2 – 4A) – all amounts tie into the other schedules and balance.

Form 2-6 Notification of Disposal of Excess Contributions is required to be submitted to Elections Nova Scotia one month after the official agent has received the final reimbursement related to election expenses. While this form is not audited, amounts noted on this form must tie into the amounts reported with the original audit submission. Thus it is critical that the original submission be complete and reliable.



ADDITIONAL PROCEDURES FOR ANNUAL AUDIT OF REGISTERED POLITICAL PARTIES

In general, the annual audit of a registered political party 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 *Elections Act* and should consider incorporating the following procedures, as well as the previously identified procedures, into their audit programs.

1. Review internal controls over recording of contributions accepted, including goods and services donated. Ensure donated goods and services are recorded at fair market value. Ensure donated goods and services are properly recorded as contributions and expensed at appropriate values when used.
2. Ensure the registered party or registered electoral district association has included all the financial information in its annual financial report.
3. Ensure the registered political party or the registered electoral district association has reported all loans received during the year, including those that have been repaid during the year.
4. During a year where there has been an election, registered political parties are still required to submit an annual report as well as any necessary election reports. This means that some transactions will be reported twice, once in the election report and once in the annual financial report.

ADDITIONAL PROCEDURES FOR AUDIT OF CANDIDATES - CHECKLIST

Form	Description	Comments
Form 2	Candidate's Financial Statements and Supporting Schedules	Ensure signed and dated.
Form 2-3	Summary of Financial Activity- Income and Expenses	Verify math and ensure signed and dated.
Form 2-3A	Monetary Contributions and Fundraising Events	Verify math
Form 2-3B	Donations in Kind	Verify math
Form 2-3C	Transfers to and from Registered Party or Electoral District Association	Verify math
Form 2-3D	Loan or Line of Credit, Calculation of Interest benefit	Verify math
Form 2-3E	Details of Election and Non-Election Expenses	Original Receipts attached? Verify math.
Form 2-F	Summary of Election Expenses	Verify math and ensure signed and dated.
Form 2-4	Candidate Balance Sheet	Verify math
Form 2-5	Report Respecting Tax Receipts for Candidate	Signed by OA <input type="checkbox"/> Signed by RO <input type="checkbox"/>

Form 2-3A Monetary Contributions



- | |
|--|
| 1. Review list to ensure all information completed including full name & residential address of contributor. |
| 2. Review list to ensure no donations received from entities other than individuals. |
| 3. Review list to ensure there are no anonymous contributions. |
| 4. Trace total to form 2-3. |

Form 2-3B Donations in Kind

- | |
|--|
| 1. Review form to ensure no donations over \$5,000. |
| 2. Review list to see if any donations split into more than one to avoid the \$200 reporting limit. |
| 3. Review list to ensure all information completed including full name & residential address of contributor. |
| 4. Review list to ensure no donations received from entities other than individuals. |
| 5. Review list to ensure there are no anonymous contributions. |
| 6. Trace total to form 2-3. |

Form 2-3C Transfers to and from Registered Party & Electoral District Association

- | |
|--|
| 1. Review the transfers to ensure that the transfers are only to/from the related Electoral District Association and/or the related Party. |
| 2. Trace totals to form 2-3. |

Form 2-3D Loan or Line of Credit

- | |
|---|
| 1. Ensure there is a loan agreement in writing that includes amount of the loan, interest rate, term, name & address of the lender and name & address of guarantor (if applicable.) |
| 2. Ensure the loan term is not more than two years. (Note: not applicable if lender is financial institution, candidate's registered party, or candidate's electoral district association.) |
| 3. If the interest rate is less than the bank prime rate at the time the loan was made, ensure the loan interest benefit is calculated. |
| 4. Trace loan interest benefit to form 2-3B Donations in Kind. |
| 5. If amounts have changed, verify math. |
| 6. Trace totals to form 2-3. |

Form 2-3E Election and Non-election Expenses

- | | |
|--|--|
| 1. For each expenditure over \$25, verify the following:
- document number
- date of the expenditure
- payee name
- description of expenditure
- amount is recorded in the paid or unpaid expenses (column 5 and 6)
- total amount paid includes HST and agrees to the invoice | |
|--|--|



<ul style="list-style-type: none"> - amount recorded as election expenses only relates to the writ period (must be paid/unpaid, cannot be contributed services) (note: exception – office expenses – up to 7 days after to allow for closing) - if amount relates to a period exceeding the writ period, ensure the amount is prorated properly allocated between election expenses and non-election - See Guide for Completing Form 2-3E for details on Headquarter Expenses, Worker Remuneration, Publicity/Advertising, Travel, Functions, Other & Personal Expenditures of the Candidate 	
2. For each item noted as contributed services, ensure the following:	
<ul style="list-style-type: none"> - there is a corresponding entry on Form 2-3B Statement of Donations in Kind - the expenditure incurred during the writ period was not recorded as an election expense 	
3. Trace totals to form 2-3.	
4. Trace totals to form 2-3F.	

Form 2-3 Summary of Financial Activity	
1. Ensure all totals carry forward from the relevant forms. (Note: Should have been completed via the review of each section above with exception of Form 5.)	
2. If there are amounts in the Fundraising Categories, obtain copies of the Forms 5 and ensure totals from these forms carry forward to form 2-3.	

Form 2-3F Summary of Election Expenses	
1. Ensure all original totals carry forward from Form 2-3E. (Note: Should have been completed via the review of section 2-3E above.)	
2. Ensure the audited amounts noted on Form 2-3F.	

Form 2-4 Candidate's Balance Sheet	
1. Trace amounts noted on the balance sheet to the support contained in the package.	

Form 2-5 Tax Receipts (perform review via excel spreadsheets created for disclosure)	
1. Review tax receipts to ensure the following:	
<ul style="list-style-type: none"> - issued by official agent or authorized designate - issued between official nomination date and date of election (or postmarked election day & before) - contribution made to candidate - receipt is not more than \$5,000 	
2. Trace tax receipts over \$200 to Form 2-3A Monetary Contributions	



Appendix A - Sample engagement letters

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

Annual Financial Reports - Registered Political Parties and Electoral District Associations

(Date)

(Name(s) of Principal Officer(s)
of Registered Political Party / Electoral District Association
Association)
(Address)

Dear (Name):

I am writing to document our mutual understanding of the terms of my engagement as auditor to report under the *Elections Act* on the annual financial report of (registered Political Party / Electoral District Association) for the year ended [year-end date]. In the event of an election called during the year, the Act requires that election reports also be prepared (only relevant for registered political parties). My audit of any election 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 Nova Scotia. I understand that the *Elections Act* does not require all annual financial reports filed with Elections Nova Scotia 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 auditing standards and section 178 of the *Elections 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 auditing standards.

In making my risk assessments, I consider internal control relevant to the (registered Political Party / Electoral District 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 (registered Political Party / Electoral District 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 official agent (Name) and will state whether, in my opinion, the annual financial report for (registered Political Party / Electoral District Association), is prepared, in all material respects, in accordance with the accounting requirements of the *Elections 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 **and/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 (registered Political Party / Electoral District Association) without (registered Political Party / Electoral District 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 official 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 *Elections 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 official 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 official agent for the purpose of the audit; and
 - iii. Unrestricted access to persons within the (registered Political Party / Electoral District Association) from whom I determine it necessary to obtain audit evidence.

The official 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 *Elections 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 (registered Political Party / Electoral District 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 (registered Political Party / Electoral District 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 official 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 *Elections Act*, nor does the *Election Acts* require me to do so. It may also not be practicable for me to determine that all donations in kind transactions relating to the (registered Political Party / Electoral District 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 *Elections 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 *Elections Act* requires my audit to be completed and the annual financial report to be filed with the Chief Electoral Officer before April 30/March 31 (Party is April 30, EDA is 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 (registered Political Party / Electoral District 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 (registered Political Party / Electoral District Association)

Date _____

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

Signed _____
Official Agent _____ Date _____



Election Reports - Candidates

(Date)

(Name of Official Agent)

(Address)

Dear (Name):

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

I will conduct my audit in accordance with Canadian auditing standards and section 178 of the *Elections 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 auditing standards.

My report will be addressed to you (Official Agent Name) and will state whether, in my opinion, your election reports is prepared, in all material respects, in accordance with the accounting requirements of the *Elections 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 official agent all the information and explanations that I required **and/or**
- (b) Proper accounting records have not been kept by the official 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) 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 election reports in accordance with the accounting requirements of the *Elections Act*;
- (b) For such internal control as you determine is necessary to enable the preparation of the election reports that are 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 election reports 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 (registered Political Party) from whom I determine it necessary to obtain audit evidence.

I have outlined the other responsibilities of the official agent in Appendix A of this letter.



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 *Elections 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 *Elections Act*, nor does the *Elections 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 *Elections 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 *Elections Act* requires my audit to be completed and the election reports to be filed with the Chief Electoral Officer within 80 days of after the day fixed for return of the writ. Therefore, it is essential that the accounting records and election reports 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 reports are complete and available to me on or before (date). You have agreed that the completed election reports will be provided to me by that date.

It may be necessary to conduct certain audit procedures at any time before or after the day fixed for return of the writ. 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 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 _____
Official Agent

Date _____

I acknowledge that I understand the above terms of your engagement

Signed _____
Official Agent

Date _____



Appendix A

Other responsibilities of the Official Agent

The official 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 *Elections 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 / registered Political Party) 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 / registered Political Party) 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.



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 - Registered Political Parties

(Date)
 (Auditor)
 (Address)

Dear (Auditor):

We are providing this letter in connection with your audit of the annual financial report of (registered Political Party) 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 *Elections 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 *Elections 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 *Elections Act*. In particular, all monetary contributions received have been deposited in accounts in accordance with the *Elections Act*. All contributed goods and services have been valued in accordance with the *Elections Act*.
6. The (registered Political Party) 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 *Elections 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 *Elections Act*.
11. We have disclosed to you all claims and possible claims against the (registered Political Party), 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 (registered Political Party) from whom you determined it necessary to obtain audit evidence.
2. All material transactions have been properly recorded and reported in accordance with the *Elections 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 (registered Political Party) 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 (registered Political Party)'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 *Elections 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 *Elections 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 (registered Political Party)

Date _____

Signed _____ Date _____
Official Agent

Signed _____ Date _____
Other Personnel (if applicable)



Election Reports - Candidates

(Date)

(Auditor)

(Auditor Address)

Dear (Auditor):

We are providing this letter in connection with your audit of the election reports of (Candidate) in relation to the Nova Scotia [by] election held on (date), for the purpose of expressing an opinion as to whether the election reports are prepared, in all material respects, in accordance with the *Elections 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:

Election Reports

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 reports in accordance with the accounting requirements of the *Elections Act*.
2. All events subsequent to the date of the election reports that bear on the election reports have been adjusted as appropriate in the circumstances.
3. The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the election reports as a whole. A list of the uncorrected misstatements is attached to this representation letter.
4. 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 reports.
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 *Elections Act*. In particular, all monetary contributions received have been deposited in accounts in accordance with the *Elections Act*. All contributed goods and services have been valued in accordance with the *Elections Act*.
6. 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.
7. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities reflected in the election reports.
8. 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 reports in accordance with the *Elections Act*.
9. We have disclosed to you all claims and possible claims against the (Candidate or registered Political Party), whether or not such claims have been discussed with a lawyer.
10. 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 reports, 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, registered Political Party) from whom you determined it necessary to obtain audit evidence.
2. All material transactions have been properly recorded and reported in accordance with the *Elections Act*.



3. We have disclosed to you the results of our assessment of the risk that the election reports 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) and involves:
 - i. The official agent; and
 - ii. Others where the fraud could have a material effect on the election reports.
5. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the (Candidate)'s election reports communicated by the official agent or others.
6. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations, including the *Elections Act*, whose effects should be considered when preparing the election reports.
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 *Elections 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 reports, including prohibited anonymous contributions.
9. No other person or organization has incurred election expenses with knowledge and/or consent of the official agent.
10. (Other relevant representations).

Yours truly,

Signed _____ Date _____
Official Agent

Signed _____ Date _____
Other Personnel (if appropriate)



Appendix C – Sample auditor's reports

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

Annual Financial Reports – Electoral District Associations (EDA) (Contribution Reports)

INDEPENDENT AUDITOR'S REPORT

To (name), Official Agent for (electoral district association)

I have audited the accompanying schedules – (forms 4-3A, 4-3B, 5-0 and 5-1, if applicable) Statement of Monetary Contributions and Fundraising Events and Statement of Donations in Kind for the (electoral district association) for the year ended (date). These schedules been prepared by the official agent for (electoral district association) based on the financial reporting provisions of Part II of the *Elections Act*.

Official agent's responsibility for the annual financial report

The official agent is responsible for the preparation of the schedules in accordance with the financial reporting provisions of Part II of the *Elections Act*, and for such internal control as the official agent determines is necessary to enable the preparation of these schedules that are free from material misstatement, whether due to error or fraud.

Auditor's responsibility

My responsibility is to express an opinion on the schedules based on my audit. I conducted my audit in accordance with Canadian auditing standards as required by Section 178 of the *Elections Act* (Nova Scotia). Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the schedules. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the annual financial report, whether due to error or fraud. In making those risk assessments, the auditor considers internal control relevant to the official agent's preparation of the schedules 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 (electoral district association)'s internal control. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of accounting estimates made by the official agent, as well as evaluating the overall presentation of the schedules. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for Qualified Opinion

Due to the nature of the transactions inherent in any political party, the completeness of contributions is not susceptible to satisfactory audit verification. Accordingly, my verification of these transactions was limited to the amounts recorded in the (electoral district association) and I was not able to determine whether any adjustments might be necessary to the schedules.

Qualified Opinion

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the schedules of the (electoral district association) for the year ended (date) are prepared, in all material respects, in accordance with the financial reporting provisions of Part II of the *Elections Act*.

Basis of Accounting

The schedules are prepared to assist (electoral district association) to comply with the financial reporting provisions of Part II of the *Elections Act*. As a result, these schedules may not be suitable for another purpose.

[Auditor's signature]

[Date of the auditor's report]

[Auditor's address]



Election Reports – Registered Political Party**INDEPENDENT AUDITORS' REPORT**

To (name), Official Agent for (registered political party)

I have audited the accompanying election reports (forms 3-F and 3-FA) of the (registered political party) relating to the Nova Scotia (by) election held on (date). The election reports have been prepared by the official agent for (registered political party) based on the financial reporting provisions of Part II of the *Elections Act*.

Official agent's responsibility for the election reports

The official agent is responsible for the preparation of the election reports in accordance with the financial reporting provisions of Part II of the *Elections Act*, and for such internal control as the official agent determines is necessary to enable the preparation of election reports that are free from material misstatement, whether due to error or fraud.

Auditor's responsibility

My responsibility is to express an opinion on the election reports based on my audit. I conducted my audit in accordance with Canadian auditing standards as required by Section 178 of the *Elections Act* (Nova Scotia). Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the election reports are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the election reports. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the election reports, whether due to error or fraud. In making those risk assessments, the auditor considers internal control relevant to the official agent's preparation of the election reports 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 (registered political party)'s internal control. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of accounting estimates made by the official agent, as well as evaluating the overall presentation of the election reports.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for Qualified Opinion

Due to the nature of the transactions inherent in any political party, 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 (registered political party) records and I was not able to determine whether any adjustments might be necessary to the election reports.

Qualified Opinion

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the election reports of the (registered political party) relating to the Nova Scotia (by) election held on (date) are prepared, in all material respects, in accordance with the financial reporting provisions of Part II of the *Elections Act*.

Basis of Accounting

The election reports are prepared to assist (registered political party) to comply with the financial reporting provisions of Part II of the *Elections Act*. As a result, the election reports may not be suitable for another purpose.

[Auditor's signature]

[Date of the auditor's report]

[Auditor's address]



Election Financing Report – Candidate

INDEPENDENT AUDITOR'S REPORT

To (name), Official Agent for (Candidate)

I have audited the accompanying election reports (Forms 2, 2-3, 2-3A, 2-3B, 2-3C, 2-3D, 2-3E, 2-3F, 2.4, 2-5 and 5-0) of (Candidate) relating to the Nova Scotia (by) election held on (date) in the electoral district of (name of electoral district). The election reports have been prepared by the Official Agent for (Candidate) based on the financial reporting provisions of Part II of the *Elections Act*.

Official agent's responsibility for the election reports

The official agent is responsible for the preparation of the election reports in accordance with the financial reporting provisions of Part II of the *Elections Act*, and for such internal control as the official agent determines is necessary to enable the preparation of election reports that are free from material misstatement, whether due to error or fraud.

Auditor's responsibility

My responsibility is to express an opinion on the election reports based on my audit. I conducted my audit in accordance with Canadian auditing standards as required by Section 178 of the *Elections Act* (Nova Scotia). Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the election reports are 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 risks of material misstatement of the election reports, whether due to error or fraud. In making those risk assessments, the auditor considers internal control relevant to the official agent's preparation of the election reports 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. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of accounting estimates made by the official agent, as well as evaluating the overall presentation of the election reports.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

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 reports.

Qualified Opinion

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the election reports of (Candidate) for the Nova Scotia (by) election held on (date) in the electoral district of (name of electoral district) are prepared, in all material respects, in accordance with the financial reporting provisions of Part II of the *Elections Act*.

Basis of Accounting

Without modifying our opinion, we draw attention to Section 178 of the *Elections Act* (Nova Scotia) and the guidelines issued by the Chief Electoral Officer, which describe the basis of accounting. The election reports are prepared to assist (Candidate) to comply with the financial reporting provisions of Part II of the *Elections Act*. As a result, the election reports may not be suitable for another purpose.

[Auditor's signature]

[Date of the auditor's report]

[Auditor's address]



Questions?

For more information

Elections Nova Scotia

Mailing address:

PO Box 2246

Halifax, NS B3J 3C8

Street Address

7037 Mumford Road, Suite 6

Halifax, NS B3L 2J1

Phone: 902-424-8584

Toll free: 1-800-565-1504

902-424-7475 (TTY)

Toll free: 1-866-774-7074

(TTY)

Fax: 902-424-6622

Website:

www.electionsnovascotia.ca



A large, diverse crowd of people of various ages and ethnicities is shown from the chest up, all looking towards the right side of the frame with expressions of interest and engagement. The background is a solid blue color.

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902-424-8584

1-800-565-1504 Toll-free

902-424-7475 TTY for the hearing impaired