

Elections Saskatchewan

Prepared in Consultation with CPA Saskatchewan

A Supplementary Guide for the
Auditor of a Registered Political Party
for the
Audit of the Election Expenses Return

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1. Introduction

Elections Saskatchewan (referred to in legislation as The Office of the Chief Electoral Officer) is the province's independent, impartial, election management body. Under a legal mandate established by the Legislative Assembly of Saskatchewan, Elections Saskatchewan plans, organizes, conducts, and reports on provincial electoral events.

Under *The Election Act, 1996* (the Election Act), Elections Saskatchewan administers provincial electoral events and oversees administration of electoral finances for registered political parties and candidates. This guide has been prepared in consultation with CPA Saskatchewan to supplement *A Guide for the Auditor of a Registered Political Party in Saskatchewan* and to complement the *CPA Canada Handbook*. The purpose of this guide is to provide additional guidance to auditors appointed by registered political parties in fulfilling their responsibilities after an electoral event in Saskatchewan under the Election Act.

General information about the auditor's role under the Election Act can be found in *A Guide for the Auditor of a Registered Political Party in Saskatchewan*.

This guide has no legislative authority. For specific statutory responsibilities, please refer to the Election Act. In case of a discrepancy between the Election Act and this guide, the Election Act will apply. This guide is limited in purpose and as such does not include all standards of the *CPA Canada Handbook*. Users are cautioned that this guide should be used in conjunction with the *CPA Canada Handbook*.

Auditors are encouraged to contact Elections Saskatchewan when in doubt or when requiring clarification as many times as necessary to ensure that their responsibilities are met.

Auditors may also want to review the following guides, which are available on Elections Saskatchewan's website:

- *A Guide for the Chief Official Agent to The Election Act, 1996*; and
- *A Guide for the Auditor to the Electoral Management System (ELMS)*.

2. Background

Section 224 of the Election Act establishes the registration requirements for political parties in Saskatchewan. Once registered, a political party may solicit and receive contributions, incur expenses, and field candidates for election to the Legislative Assembly of Saskatchewan.

Every party must appoint an auditor. The appointment and consent of the auditor must be in writing, signed by the party leader, and included in the party's application for registration.

Chief official agents for registered political parties must submit an audited expense return (Form E-524 Registered Political Party's Return of Election Expenses) to Elections Saskatchewan within six months after election day (also called polling day).

The financial reporting requirements of the Election Act are specific to the electoral process and this guide is intended to help auditors understand this process and ensure compliance with the Election Act reporting requirements during the audit process. The Chief Electoral Officer (CEO) periodically issues interpretation bulletins and directives for clarification on treatment of certain expenses and other matters governed by the Act. A complete list of interpretation bulletins and CEO directives can be found on Elections Saskatchewan's website at <https://www.elections.sk.ca/candidates-political-parties/bulletins-circulars/>

2.1 The Auditor's Responsibilities

Section 237 of the Election Act lists the auditor's responsibilities including:

- ensuring they are compliant with the requirements and restrictions in order to accept appointment as the auditor for a registered political party (s.222(1),222(2),238(4) of the Election Act);
- auditing the party's financial records, documents, books, accounts, and vouchers;
- auditing the financial statement that must accompany the party's application for registration;
- auditing the party's fiscal period return annually;
- auditing the party's election expenses return after an electoral event; and
- preparing the written reports that must accompany party's returns when the chief official agent submits them to Elections Saskatchewan.

When auditing the party's election expenses return, the auditor must also prepare the written report on supplementary matters (ESKIB-2020-01).



Elections Saskatchewan recommends that auditors appointed under the Election Act become familiar with the following publications (available at www.elections.sk.ca):

- [*The Election Act, 1996;*](#)
- [*A Guide for the Chief Official Agent to The Election Act, 1996;*](#)
- [*A Guide for the Party Leader to The Election Act, 1996;*](#) and
- [*A Guide for the Chief Official Agent to The Political Contributions Tax Credit Act, 2001.*](#)

In conducting an examination or in making a report pursuant to the Election Act, the auditor must apply generally accepted auditing principles and take any additional steps that are necessary to ensure compliance with the Election Act. The auditor is entitled—at reasonable times—to have access to all the party’s financial records, documents, books, accounts, and vouchers and to ask the party’s leader and chief official agent for all explanations and information he or she considers necessary to audit the party’s returns and finances.

2.2 Electoral Management System (ELMS)

Elections Saskatchewan requires that all registered political parties use its secure web-based application, Electoral Management System (ELMS), to complete their election expenses returns. Auditors are also required to use ELMS to assist with the audit of the party’s election expenses return.

ELMS allows parties to:

- electronically prepare their election expenses returns;
- submit the prepared return to auditors for their review;
- accept or reject their auditor’s proposed changes; and
- print a final copy of the returns and some supporting documentation for submission to Elections Saskatchewan.

ELMS allows auditors to:

- propose changes to transaction amounts or classifications;
- add notes or clarifying comments regarding specific transactions for the party; and
- indicate that the audit is complete.

Auditors will be provided their own ELMS user accounts to aid in the audit process. Further information on using ELMS can be found in “A Guide for the Auditor to the Electoral Management System (ELMS)” on the Elections Saskatchewan website.

<https://www.elections.sk.ca/candidates-political-parties/forms-and-guides/>

3. Audit Overview

The auditor plays an important role in the electoral process. Having all legislatively required reports independently audited provides independence, objectivity and credibility to the electoral finance process. Auditors must comply with independence requirements detailed in the CPA Rules of Professional Conduct. In addition to consideration of independence threats, auditors must ensure they maintain independence by avoiding all prohibited circumstances and activities as detailed in the CPA Rules of Professional Conduct. This includes preparing or changing journal entries, determining or changing account codes or classification of a transaction, or preparing or changing an accounting record for the party without written approval from the party.

Section 251 of the Election Act requires that the chief official agent of a registered political party files an election expense return and a corresponding auditor's report **within 6 months** after polling day for the election to which the return relates.

Elections Saskatchewan recommends that an engagement letter signed by the chief official agent be obtained to document and acknowledge the terms of the engagement.

A sample engagement letter can be found in Appendix A.

The requirements for preparing reports in accordance with the Election Act are complex and gives rise to unique risks. Planning for audits in accordance with the Election Act should consider risks that arise as a result of the following set out by the Election Act:

- election expense limits;
- eligible elections expenses;
- advertising expense limits;
- commercial values; and
- provisions for reimbursement of election expenses.

The auditor is required (under CAS 315) to obtain sufficient knowledge of the entity's business to provide a basis for adequately planning and properly executing the audit, including a sufficient understanding of the system of internal control. Therefore, the auditor must understand the campaign activities and controls relevant to the audit (paragraphs 21-26 of CAS 315). More particularly, paragraphs 13-20 of CAS 315 requires the auditor to perform risk assessment procedures to provide a basis for the identification and assessment of risks of material misstatement.

Required procedures include making inquiries of the chief official agent, and other persons within the electoral campaign, analytical procedures, observation, and inspection (paragraph 14 of CAS 315). This understanding is required regardless of whether there is an expectation that the controls will be relied upon in the performance of the audit. Elections Saskatchewan issues prescribed forms that comprise the election expense return and, together with required receipts, invoices, cancelled cheques, bank statements and deposit slips, and other financial records constitute the bookkeeping system for the registered political party.

Materiality for each audit engagement is left to the auditors' professional judgement. In determining the appropriate level of materiality, including performance materiality and



materiality for a particular class of transactions and account balances for the engagement, the auditor should consider the sensitive and public nature of the election expense return, the potential for reimbursement of expenses from public funds and the impact of non-compliance to users of the election expense return. Due to these factors, it is expected that materiality under each separate level for the engagement will generally be low.

Risks of material misstatement at the assertion level are assessed in order to determine the nature, timing and extent of any additional audit procedures that may be necessary to obtain sufficient appropriate audit evidence. This evidence enables the auditor to express an opinion on the election expense return at an acceptably low level of audit risk.

CAS 330 requires that the auditor design and implement overall responses to address the assessed risks of material misstatement at the election expense return level. The auditor shall also design and perform additional audit procedures whose nature, timing and extent are based on and are responsive to the assessed risks of material misstatement at the assertion level (paragraph 6 of CAS 330, The Auditor's Responses to Assessed Risks).

CAS 450 deals with the auditor's responsibility to evaluate the effect of identified misstatements on the audit and of uncorrected misstatements (if any) on the election expense return. The auditor shall accumulate misstatements identified during the audit (other than those that are clearly trivial) and communicate these accumulated misstatements to the chief official agent (paragraphs 5 and 8 of CAS 450, Evaluation of Misstatements Identified during the Audit). The auditor shall request that the chief official agent correct those misstatements (paragraph 8 of CAS 450). If the chief official agent refuses to correct some or all of the misstatements communicated by the auditor, the auditor shall obtain an understanding of the chief official agent's reasons for not making the corrections and shall take that understanding into account when evaluating whether the election expense return as a whole is free from material misstatement (paragraph 9 of CAS 450).

The auditor should obtain written assurance from the chief official agent in the form of a representation letter as to representations that the auditor considers of significance in forming an opinion on the election expense return. A sample representation letter can be found in Appendix C.

At the conclusion of the audit, the auditor must issue an Auditor's Report expressing an opinion on whether the Registered Political Party's Return of Election Expenses fairly represents the underlying accounting records provided. Due to the nature of political campaigns and the inability to verify completeness of revenues and expenses, it is understood that it is likely that the engagement will result in a qualified opinion.

A sample auditor report can be found in Appendix B.

Auditors are encouraged to contact Elections Saskatchewan to clarify responsibilities and expectations under the Election Act.

3.1 The Audit Program

In designing the audit program there are certain requirements under the Election Act that the auditor should consider.

The auditor must:

- meet Elections Saskatchewan's eligibility criteria for auditors (see page 2);
- comply with CPA Saskatchewan's independence rules and inform the chief official agent of all relationships that might affect or influence the independence of his or her work;
- audit the registered political party's election expense return and the supporting campaign financial records, documents, books, accounts, and vouchers according to generally accepted auditing standards;
- audit all schedules and other forms in the reporting package, checking for accuracy and completeness and checking all additions and cross-references;
- obtain an understanding of the registered political party's internal controls, ensuring these controls include keeping the required documentation (e.g., evidence of commercial value for donations in kind, supplier documents for all election expense claims, and adequate detail in all instances where a supplier's invoice is disputed);
- ensure compliance with the Election Act in that all expenses that cannot be included as election expenses are excluded;
- inform the chief official agent of any transactions that appear to contravene the Election Act, request further explanation and correction, and if no such explanation or correction is forthcoming, note the contravention in his or her report;
- disclose the details of any disputed item(s) or transaction(s) in the auditor's report;
- include an Emphasis of Matter paragraph in the Auditor's Report if appropriate;
- disclose the total expenses figure if the auditor deems it necessary; and
- state whether the registered political party's election expense return represents fairly the financial transactions and accounting records on which it is based.

3.2 Supplementary Matters Arising from an Audit Engagement

In addition to providing an opinion on whether the party's election expense return fairly represents the underlying financial records, the Election Act contains specific requirements for the chief official agent that may not otherwise be reviewed in the course of a standard audit. As a result, the auditor is required to provide a written report on supplementary matters arising from the audit engagement, as outlined in the Audit Checklist (Appendix D). The "E-540 Registered Political Party Election Expense Return Audit Checklist" can be found on our website <https://www.elections.sk.ca/candidates-political-parties/forms-and-guides/>

For Elections Saskatchewan to have sufficient confidence that the chief official agent has complied with all relevant sections of the Election Act, the Audit Checklist must be completed and the supplementary auditing procedures below must be performed and reported on:

- Vouch all reported election expenses greater than \$25 to receipt and ensure proof of payment in the form of a cancelled cheque, debit transaction, etc is included;
- Review all reported election expenses and obtain confirmation from the chief official agent that all election expenses recorded were for goods and services used during the election period;
- For election expenses recorded on the election expense return where the full amount of the invoice was for goods and services used for a period greater than the election period, verify that the amount recorded on the election expense return has been properly pro-rated;
- Review election expense return for inclusion of any exempt election expenses;
- Vouch all expenses incurred under joint agreement to copy of the agreement, vendor invoice, and proof of payment;
- Vouch all advertising expenses to proof of "authorization by the chief official agent for the party" (includes print, radio, signs, bus benches, leaflets, billboards). Supporting documents can be in the form of a picture, proof, design mock up, leftover leaflet, photo of a lawn sign, etc. Note - an item that does not have authorization included in the advertisement is not to be removed from the election expense return, but should be noted in the Auditor's Report on Supplementary Matters Arising from an Audit Engagement;
- Communicate to the Chief Electoral Officer misstatements resulting from error, other than trivial errors, whether or not the error has been corrected; and,
- Inform the Chief Electoral Officer if the auditor becomes aware of any fraud, suspected fraud, illegal acts or possible illegal acts that come to the auditor's attention during the course of the audit.

Further discussion of the required supplementary auditing procedures can be found in Section 4 "Detailed Audit Procedures".

4. Detailed Audit Procedures

The Election Act defines “election expenses” as “the cost of goods and services used during an election for the purpose of promoting or opposing, directly or indirectly, a registered political party or the election of a candidate, regardless of whether those costs are incurred before, during or after the election....” It defines “during an election” as “the period commencing the day a writ is issued for an election and ending on polling day for the election.” Parties are subject to annually adjusted spending limits on election expenses established by the Election Act (these limits are posted on Elections Saskatchewan’s website [here](#)). As such, the audit of the party election expense return plays a vital part in ensuring parties comply with the Election Act.

Election expenses include all money spent or liabilities incurred to promote or oppose a particular party or candidate during an election and the commercial value of goods and services—except volunteer labour—donated in their entirety or provided to a party at less than their commercial value (i.e., at a discount).

Election expenses can be incurred before, during, or after an election period for goods or services used during that period. For example, money spent before an election period on goods and/or services used during the election period is an election expense, and whether they are paid for before, during, or after the election period, the value of goods or services used during an election period is an election expense.

The Election Act specifically excludes certain items from being classified as election expenses:

- expenses incurred by a candidate in seeking a nomination;
- candidate’s election deposit;
- goods or services used after 8:00 pm on polling day for social functions, gatherings, meetings, or communications with voters and campaign workers;
- funds transferred from a registered political party to its constituency associations or candidates (see further details below);
- operating expenses of the party;
- expenses related to recounts or additions;
- costs of campaigns or conventions related to leadership of the party;
- the commercial value of time for a broadcaster where it is provided free of charge to all parties endorsing candidates in the election; and
- the costs of fundraising activities.



4.1 Goods and Services Used During Election Period & Exempt Election Expenses

Section 220(f) defines “election expenses” as “the cost of goods and services used *during an election* ... regardless of whether those costs are incurred before, during or after the election”.

Section 2(1)(o) defines the term “during an election” as “the period commencing the day a writ is issued for an election and ending on polling day for the election”.

Section 220(h) lists certain “exempt election expenses” that are specifically excluded from the definition of “election expenses”. Among the excluded items are expenses for goods or services incurred at any time and used after 8:00 p.m. on polling day for social functions, meeting or gatherings or for communicating with voters and campaign workers.

As a result of the above the party may be required to pro-rate certain expenses to include the appropriate amount as an election expense on the return. CEODIR-2019-003 provides further clarification on appropriate treatment and can be found at

<https://www.elections.sk.ca/candidates-political-parties/bulletins-circulars/>

AUDIT PROCEDURE: Obtain confirmation from the chief official agent that all expenses recorded on the return were for goods or services used during the election period.

AUDIT PROCEDURE: For election expenses recorded on the return where the full amount of the invoice was for goods and services used for a period greater than the election period, verify that the amount recorded on the return has been properly pro-rated.

AUDIT PROCEDURE: Review return for inclusion of exempt election expenses as defined by section 220(h)


Proof of Payment Required

Section 255 of the Election Act requires that every payment for elections expenses of more than \$25 be supported by a supplier document detailing the particulars of the expense **AND** a cancelled cheque or receipt that provides proof of payment

AUDIT PROCEDURE: Vouch all election expenses more than \$25 to supporting invoice and proof of payment.

4.2 Joint Agreements

Candidates from the same party may enter into a written agreement or arrangement with each other and their party for the purpose of jointly incurring and paying for election expenses.



Joint Agreement

We, the undersigned, being Political Party candidates or a registered political party in
Political Affiliation
Somewhere and Other Place
Name of Constituencies

constituencies at the elections about to be held of members to represent the said constituencies in the Legislative Assembly of Saskatchewan, do hereby enter into an agreement among ourselves to share jointly in certain election expenses to promote our respective candidacies pursuant to section 260 of *The Election Act, 1996*.

We agree to incur jointly in 50/50 proportions the election expenses for
Share

Office Manager
Description of Disbursements

and any other related joint expenses.

We further agree that Business Manager, business manager or chief official agent
Name
for Election Candidate in the constituency of
Name of Candidate or Registered Political Party
Somewhere shall act as administrator respecting the
Name of Constituency

transactions pursuant to this agreement. It is also understood that all participants will comply with the agreed upon method of Indirect payments to facilitate the disbursements
(Direct – to Supplier) or (Indirect – through Administrator to Supplier)
covered by this agreement for the purpose of this election.

Dated at Somewhere in the Province of Saskatchewan, this 8th day of March, 2016.

(All Participants Sign on Reverse)

Signature of Designate or Chief Official Agent of a Registered Political Party

Election Candidate
Signature of Candidate

Signature of Candidate

Signature of Candidate

Candi Gate
Signature of Candidate

Signature of Candidate



Joint agreements must:

- indicate who will administer the agreement (the only role the chief official agent of the party may have is administrator of the agreement);
- specify the proportion of expenses each candidate will pay;
- specify whether the candidate's portion of election expenses will be paid to the supplier or the administrator; and
- be signed by the administrator and all participating candidates.

The administrator of the agreement must keep the original agreement and give a copy of it to the financial agents of the candidates and/or chief official agent of the registered political party participating in the agreement.

When the administrator submits the party's (or candidate's) election expenses return, he or she must submit the original joint agreement and any original bills, invoices, receipts, and cancelled cheques kept as part of the agreement.

Further information on administration and treatment of joint agreements can be found in Interpretation Bulletin ESKIB-2019-004 at <https://www.elections.sk.ca/candidates-political-parties/bulletins-circulars/>

AUDIT PROCEDURE: *Vouch all expenses incurred under joint agreement to copy of the agreement, vendor invoice, and proof of payment*

4.3 Advertising

Section 215 of the Election Act requires that any advertisement that meets the definition specified in section 215(1) must contain a statement that indicates that the advertisement has been approved by the chief official agent of the party. The wording of the statement required can be found in section 215(2) of the Act. Further discussion can be found in Interpretation Bulletin ESKIB-2019-02 at <https://www.elections.sk.ca/candidates-political-parties/bulletins-circulars/>.

Chief official agents must provide evidence of such authorization for all advertising incurred for the election period with their return.

AUDIT PROCEDURE: *Vouch all advertising expenses to proof of "authorization by the chief official agent of the party" (includes print, radio, signs, bus benches, leaflets, billboards). Supporting documents can be in the form of a picture, proof, design mock up, leftover leaflet, photo of a lawn sign, etc. Note - an item that does not have authorization included in the advertisement is not to be removed from the return, rather exceptions should be noted in the auditor's report on specified procedures.*

4.4 Expenses that are not Reimbursable

Section 266 of the Election Act details certain expenses that are not reimbursable. Note that even though these expenses are not eligible for reimbursement they are still considered to be election expenses and must be included on the return as such. As auditor, you are not required to determine the eligibility of expenses for reimbursement and they should **not** be removed from the return.

4.5 Capital Assets, Cell Phones, Computers & Computer Equipment

CEO Directive CEODIR-2016-004 details appropriate treatment of expenditures for items of a capital nature. For the purposes of this CEO Directive, a capital asset is defined as a non-financial asset having physical substance that has a useful economic life extending beyond the reporting period and an acquisition value greater than \$250. 20% of the acquisition value should be recognized as an election expense on the return.

AUDIT PROCEDURE: Review all election expenses for items of a capital nature, verify that the amount reported is 20% of the acquisition cost or commercial value.

CEO Directives CEODIR-2016-002 and CEODIR-2016-003 detail appropriate treatment and recognition of expense for use of personal cell phones, computers and computer equipment during an election.

AUDIT PROCEDURE: Review all election expenses for cell phones, computers and computer equipment, ensure amounts are appropriately recorded in accordance with CEODIR-2016-002 and CEODIR-2016-003.



Appendix A - Sample Engagement Letter

(Date)

Registered Political Party
Address

Dear _____ :

OBJECTIVE AND SCOPE OF THE AUDIT

Report on the Registered Political Party's Election Expenses Return

The purpose of this letter is to confirm my acceptance and understanding of the terms of the audit engagement to report on the Registered Political Party's Election Expenses Return (the "Return") under *The Election Act, 1996* (the "Act") relating to the election to be held on XX X, 20XX. The objective of my audit will be to express an opinion on the Return.

Report on Other Legal and Regulatory Requirement

In addition, interpretation bulletin ESKIB-2020-01 requires me to include a completed E-540 – Registered Political Party Election Expense Return Audit Checklist (that is, the form prescribed by Elections Saskatchewan). Reporting on the Registered Political Party's Election Expense Return Audit Checklist falls under the scope of *Canadian Standard on Related Services ("CSRS") 4460, reports on supplementary matters arising from an audit or a review engagement.*

MY RESPONSIBILITIES

As required by subsection 222(1) of the Act, my audit will be performed in accordance with Canadian generally accepted auditing standards, which require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Return is free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Return.

The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Return, whether due to fraud or error. My audit will also include evaluating the appropriateness of accounting policies used and the reasonableness of any accounting estimates made by you in the preparation of the Return, as well as the overall presentation of the Return.

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 preparation of the Return 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 internal control. However, I will communicate to you in writing concerning any significant deficiencies in internal control relevant to the preparation of the Return that I have identified during the audit.



As required by the *Act*, my report will be addressed to the chief official agent, XX.
My report will also be addressed to the Chief Electoral Officer, Elections Saskatchewan to comply with the Canadian Auditing Standards (the “CASS”).

It has been determined and deemed acceptable that the applicable financial reporting framework for preparing the Return be a special purpose compliance framework. Accordingly, in order to comply with the CASS, my report will be based on the applicable financial reporting framework. In addition, to report under the *Act*, I shall include a separate section in the auditor’s report for other reporting on legal and regulatory requirements to comply with subsection 222(2) of the *Act*.

I must include the following statement in the auditor’s report:

As required by subsection 238(6) of the *Election Act, 1996*, in my opinion, the Return presents the information contained in the financial records on which it is based.

It should be noted that this additional paragraph does not include the term “presents fairly” because the nature of the financial reporting framework in the *Act* does not meet the requirements of a fair presentation framework.

This statement must be included at the end of the auditor’s report in a separate section subtitled “Report on Other Legal and Regulatory Requirements.” In addition, I must add a subtitle “Report on the Return” before the “Qualified Opinion” paragraph to clearly distinguish the responsibility to report on the Return from the responsibility to report on other legal and regulatory requirements.

Subsection 238(7) requires the auditor to include in the report under subsection (5) any statement the auditor considers necessary if (a) the return to which the report relates does not present fairly the information contained in the accounting records on which it is based; (b) the auditor has not received from the registered political party’s chief official agent all the information and explanations that the auditor has requested; or (c) it appears from the auditor’s examination that proper accounting records have not been kept by the registered political party. This statement must be included in a separate section at the end of the auditor’s report subtitled “Report on Other Legal and Regulatory Requirements.” In addition, I shall add a subtitle “Report on the Return” before the “Qualified Opinion” paragraph to clearly distinguish the responsibility to report on the Return from the responsibility to report on other legal and regulatory requirements.

Canadian generally accepted auditing standards require me to comply with ethical requirements including a duty of confidentiality with respect to client affairs. Accordingly, I will not divulge information related to your campaign that is not already in the public domain to any third party without your permission unless required to do so by legal authority or the rules of professional conduct/code of ethics of the professional accounting organization of which I am a member.

My responsibility also includes completing the E-540 – Registered Political Party Election Expense Return Audit Checklist and including a statement in connection with the completed E-540 – Registered Political Party Election Expense Return Audit Checklist in a separate section. My report under CSRS 4460 is represented within the Report on the Return in a separate section at the end the report. I will not be performing an audit or review of the E-540 – Registered Political Party Election Expense Return Audit Checklist and as such I do not express an audit opinion or a review conclusion thereon.

My responsibility as auditor does not extend beyond the reporting function outlined above and accordingly does not include ensuring that you comply with all the requirements of the *Act*.



In the absence of circumstances that would prevent me from expressing an opinion without further modification or additional statement, my report will be substantially in the following form for the auditor's report on the Return:

[Include content of the auditor's report on the Return]

YOUR RESPONSIBILITIES

My audit will be conducted on the basis that you acknowledge and understand that you are responsible for the following:

1. Preparing the Return in accordance with the requirements of the *Act*
2. Such internal control as you determine is necessary to enable the preparation of the Return in a manner that is free from material misstatement, whether due to fraud or error, and
3. Providing me with access to all information of which you are aware that is relevant for the preparation of the Return. It may be necessary to perform certain auditing procedures at any time before or after the election date. I understand that I will have access at all reasonable times to all records, documents, books, accounts and vouchers held by you pertaining to the election and may require from both of you such information and explanations as are necessary to complete my examination and report. This would include providing me with information such as:
 - a. any illegal or possibly illegal acts and all facts related thereto
 - b. claims and possible claims, whether or not they have been discussed with the electoral campaign's legal counsel
 - c. any known or probable instances of non-compliance with legislative or regulatory requirements, including reporting requirements under the *Act*
 - d. an assessment of the reasonableness of any significant assumptions underlying the valuations and disclosures in the Return
 - e. a note to be attached to the Return describing the financial reporting framework applied for preparing the Return
 - f. subsequent events
4. Providing me with additional information that I may request from you for the purpose of the audit, and
5. Providing me with unrestricted access to persons from whom I determine it necessary to obtain audit evidence.

As part of my audit process, I will request from you written confirmation concerning representations made to me in connection to the audit engagement.

You have also agreed that you will ensure that invoices for property and services will state the current market price when this price is more than the price charged to the registered political party and, if necessary, you will arrange for suppliers to certify as to the commercial value of goods and services provided.

You are responsible for the timely preparation and completeness of the accounting records and the Return, which is to be prepared in accordance with the financial reporting provisions of the *Act* and the accounting guidelines issued by Elections Saskatchewan.

As the *Act* requires my examination to be completed and my report issued within six months after polling day, it is essential that the suppliers' accounts be recorded and the accounting records completed in time to allow me a reasonable period to complete my examination. I anticipate that I will be able to report by the date



required by the *Act* if your Return is completed and available for final audit on or before (*date*). You have agreed that you will provide me with the completed Return by that date.

The *Act* also requires me to include a completed E-540 – Registered Political Party Election Expense Return Audit Checklist in the prescribed form (that is, the form prescribed by Elections Saskatchewan). If necessary, I will be asking you to provide me with the information needed to enable me to complete the checklist in the manner required.

FEES

Fees will be determined on the basis of time spent on this engagement at my standard rates, and any disbursements incurred will be added to the billing. The *Act* provides that Elections Saskatchewan will reimburse audit fees up to a maximum amount.

WORKING PAPERS

The working papers, files, other materials, reports and work created, developed or performed by me during the course of the engagement are the property of my firm, constitute confidential information and will be retained by me in accordance with my firm's policies and procedures.

FILE INSPECTIONS

In accordance with professional regulations and my firm's policy, my client files may periodically be reviewed by practice inspectors, and by quality control reviewers to ensure that I am adhering to the standards of my profession and of my firm. File reviewers are required to maintain the confidentiality of client information.

USE OF INFORMATION

It is acknowledged that I will have access to all personal information in your custody that I require to complete my engagement. My services are provided on the basis that:

1. you have obtained any required consents for collection, use and disclosure to me, of all personal information required under applicable privacy legislation
2. I will hold all personal information in compliance with my firm's Privacy Statement

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.

This sample audit engagement letter is intended to illustrate the communication required under the CASs and CSRS 4460, as well as some more common additional matters. It does not necessarily apply to every situation. Examples of additional matters that may be addressed are provided in paragraphs A23 and A24 of CAS 210. The firm's policy may require further inclusions. Auditors should determine that inclusions beyond those required under the CASs and CSRS 4460 are consistent with any requirements arising under provincial legislation and from their provincial accounting body.

Yours truly,

(signed)	_____
	Auditor

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

(signed)	_____	(Date)
	Chief Official Agent	

Appendix B - Sample Auditor's Report

INDEPENDENT AUDITOR'S REPORT

To *(name of chief official agent)*, chief official agent for *(name of registered political party)* for submission to the Chief Electoral Officer of Saskatchewan in accordance with Section 261 of *The Election Act, 1996*

REPORT ON THE RETURN

Qualified Opinion

We have audited the accompanying Registered Political Party's Elections Expense Return (the "Return") for *(name of registered political party)* (the "Party"), for the campaign period from XX X, 20XX to XX X, 20XX, which comprises the Summary of Election Expenses, and Statements of Expenses for Hire of Premises, Advertising, Services, Goods Supplied, Travel and Hire of Vehicle, Undisputed Claims Unpaid and Disputed Claims Unpaid for the electoral campaign ending XX X, 20XX.

This Return has been prepared by the chief official agent for the registered political party based on the financial reporting provisions Section 261 of *The Election Act, 1996* and the accounting guidelines issued by Elections Saskatchewan.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the Return of *(name of registered political party)* is prepared, in all material respects in accordance with the reporting provisions of Section 261 of the *The Election Act, 1996* and the accounting guidelines issued by Elections Saskatchewan.

Basis for Qualified Opinion

Due to the inherent nature of the transactions of electoral campaigns, the completeness of election expenses is not susceptible of satisfactory audit verification. Accordingly, our verification of these amounts was limited to the amounts recorded in the registered political party's accounting records and we were not able to determine whether any adjustments might be necessary to expenses.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Return section of our report. We are independent of the Registered Political Party in accordance with the ethical requirements that are relevant to our audit of the Return in Saskatchewan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Basis of Accounting and Restriction on Use

Without modifying our opinion, we draw attention to Note X to the Return, which describes the basis of accounting. The Return is prepared to assist the chief official agent to meet the requirements of *The Elections Act, 1996* and the accounting guidelines issued by Elections Saskatchewan. As a result, the Return may not be suitable for another purpose. Our report is intended solely for the chief official agent of the registered political party and the Chief Electoral Officer, and should not be used by parties other than the chief official agent or the Chief Electoral Officer.

The Chief Official Agent's Responsibilities for the Return

The chief official agent of the registered political party is responsible for the preparation of the Return in accordance with the financial reporting provisions of Section 261 of *The Election Act, 1996* and the accounting

guidelines issued by Elections Saskatchewan and for such internal control as the chief official agent determines is necessary to enable the preparation of a Return that is free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing the registered political party's financial reporting process.

Auditor's Responsibilities for the Audit of the Return

Our objectives are to obtain reasonable assurance about whether the Return as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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 Return. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Return, 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 our 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 campaign's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the chief official agent.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by subsection 238(6) of *The Election Act, 1996*, in our opinion, the Return presents the information contained in the financial records on which it is based.

REPORT ON THE CHECKLIST FOR AUDITS IN ACCORDANCE WITH *THE ELECTION ACT, 1996* REQUIREMENTS

In accordance with Section 222 of *The Election Act, 1996* and the accounting guidelines issued by Elections Saskatchewan, we have been engaged to complete the attached E-540 – Registered Political Party Election Expense Return Audit Checklist. This other reporting responsibility relates to our audit of the Return. We prepared the E-540 – Registered Political Party Election Expense Return Audit Checklist.

This report has been prepared in accordance with Canadian Standard on Related Services (CSRS) 4460, Reports on Supplementary Matters Arising from an Audit or a Review Engagement. Our responsibility is to report on the E-540 – Registered Political Party Election Expense Return Audit Checklist. This standard requires us to comply with ethical requirements and to plan and perform procedures to address the other reporting responsibility. The procedures were selected based on our professional judgment to enable us to



form a basis for this report. The procedures vary in nature from, and are less in extent than for, those required when providing an audit opinion or a review conclusion. Users are cautioned that the procedures performed may not be suitable for their purposes.

Accordingly, we do not express an audit opinion or a review conclusion on the E-540 – Registered Political Party Election Expense Return Audit Checklist.

In response to the other reporting responsibility, we completed the E-540 – Registered Political Party Election Expense Return Audit Checklist using knowledge obtained during our audit of the Return.

This report is intended solely for use by the Chief Electoral Officer of Saskatchewan and should not be used by other parties.

(Auditor's signature)

(Date of the auditor's report)

(Auditor's address)

SAMPLE

Appendix C - Sample Representation Letter

(Date)

Dear _____ :

In connection with your audit of the “Registered Political Party’s Election Expense Return” (the “Return”) for (*name of registered political party*) (the “Party”), for the campaign period from XX X, 20XX to XX X, 20XX, and in connection also with your completion of E-540 – Registered Political Party Election Expense Return Audit Checklist in the prescribed form, we assure you that to the best of our knowledge and belief:

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated (insert date), for the preparation of the Return, which comprises:
 - a. the Summary of Election Expenses; and
 - b. Statements of Expenses for Hire of Premises, Advertising, Services, Goods Supplied, Travel and Hire of Vehicle, Undisputed Claims Unpaid and Disputed Claims Unpaid for (*name of registered political party*) (the “Party”), for the campaign period from XX X, 20XX to XX X, 20XX in accordance with the financial reporting provisions of Section 261 of *The Election Act, 1996* and the accounting guidelines issued by Elections Saskatchewan.
2. The date of the Return is (insert date)
3. You have been provided a note describing the financial reporting framework applied for preparing the Return to be attached to the Return.
4. You have been afforded access to:
 - a. all information of which we are aware that is relevant to the preparation of the Return, such as records, documents, books, accounts, bank account records and vouchers held by the chief official agent relating to the election;
 - b. Additional information that you have requested from us for the purpose of the audit; and
 - c. Unrestricted access to persons from who you determined it necessary to obtain audit evidence.
5. No election expenses (as defined in the *Act*) have been incurred by any person or organization other than the chief official agent.
6. 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.
7. We are not aware of any illegal or possible illegal acts that have not been disclosed to you.
8. To the extent possible, taking into account the nature and size of the registered political party’s campaign, we acknowledge our responsibility to implement controls procedures designed to prevent and detect misstatements whether due to fraud or error. We believe that the effects of any uncorrected misstatements aggregated by you during the audit, as set out in the attached schedule, are immaterial, both individually and in the aggregate, to the Return as a whole (*or, if all*



misstatements have been corrected, state that there are no uncorrected misstatements; otherwise, the schedule of uncorrected misstatements should be attached to the representation letter).

9. We confirm that we have disclosed to you all significant facts relating to any frauds or suspected frauds known to us that may have affected the Return, and the results of our assessment of any material misstatements resulting from the fraud.
10. We are not aware of any instances of non-compliance or suspected non-compliance with the *Act* or other laws and regulations whose effects should be considered when preparing the Return (or We have disclosed to you all facts related to instances of noncompliance or suspected non-compliance with the *Act* or other laws and regulations whose effects should be considered when preparing the Return).
11. All subsequent events to the date of the Return that affect the information required to be disclosed or adjusted in this Return have been accounted for or disclosed in the Return.
12. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
13. (Other representations)

Yours truly,

(signed) _____
Chief Official Agent



Appendix D - Registered Political Party Election Expense Return Audit Checklist



Registered Political Party Election Expense Return Audit Checklist

E-540

The Election Act, 1996
Section 222
Revised: 2020

PART A: ELECTION EXPENSE RETURN INFORMATION

Registered Political Party Name: _____
 Event Name: _____
 Chief Official Agent Name: _____

PART B: AUDITOR'S INFORMATION

Name of firm (if applicable): _____
 Name of auditor licensed to sign on behalf of firm: _____

PART C: AUDIT CHECKLIST

#	Requirements	Compliance			Comments
		Y	N	NA	
Expenses					
1.	Obtain confirmation from chief official agent that all expenses recorded on the return were for goods or services used during the election period	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
2.	Ensure that any expenses for goods and services that were used for a period greater than the election period are properly pro-rated	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
3.	Ensure that no amounts for exempt elections expenses as defined by section 220(h) of the Election Act have been recorded on the return	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
4.	Vouch all election expenses more than \$25 to supporting invoice and proof of payment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
5.	Vouch all expenses incurred under joint agreement to copy of the agreement, vendor invoice, and proof of payment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
6.	Vouch all advertising expenses to proof of "authorization by the chief official agent for the registered political party"	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
General					
7.	Did the chief official agent provide you with all information and documents requested?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
8.	Did the registered political party maintain proper accounting records?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	