



Written Opinions, Guidelines and Interpretation Notes

The Chief Electoral Officer issues guidelines and interpretation notes on the application of the *Canada Elections Act* to registered parties, registered associations, nomination contestants, candidates and leadership contestants, in accordance with section 16.1 of the *Canada Elections Act*. Before the issuance of any guideline or interpretation note, registered federal political parties and the Commissioner of Canada Elections are consulted and invited to provide comments on a draft version. Guidelines and interpretation notes provide guidance and promote consistency in the interpretation and application of the Act. However, they are for information only and do not displace the provisions of the Act.

Guideline: 2015-05 (February 2016)

Guideline for the External Audit of a *Registered Party Return in Respect of General Election Expenses*

This guideline aims to help political parties set parameters with external auditors for the audit of the *Registered Party Return in Respect of General Election Expenses* (EC 20240). It covers both the audit mandate related to the information contained in the financial records (an ongoing requirement) and the expanded audit mandate related to compliance.

Introduction

All registered parties must submit two audit reports, each containing an audit opinion, with their general election expenses return as stated in subsection 438(1) of the *Canada Elections Act* ("CEA"):

As soon as feasible after a general election, a registered party's auditor shall report to its chief agent on its return on general election expenses and shall, in accordance with generally accepted auditing standards, make any examination that will enable the auditor to give an opinion in the report as to **whether the return presents fairly the information contained in the financial records on which the return is based and the registered party and the chief agent have complied with the requirements of Division 1 of this Part and this Division.**

The content of the audit reports is detailed later in the guideline.

In the course of the audit mandate, the external auditor must also consult other guidelines and interpretation notes issued pursuant to section 16.1 of the CEA.

It is important to note that the opinion expressed by the auditor does not bind the Chief Electoral Officer, who must be satisfied that the registered party and its chief agent have complied with the applicable requirements of sections 437 to 443 [see text of subsection 438(1) above]. The report of the external auditor also does not

affect the ability of the Commissioner of Canada Elections to launch an investigation when the facts and circumstances so warrant.

Agreement on audit engagement terms

It is important that the external auditor and political party clearly agree on the nature of the services to be rendered and reports to be produced. Once the terms are agreed upon, an engagement letter should be drafted and signed by the two parties.

With regard to the compliance audit, Elections Canada has specified in Appendix 1 what it considers to be the applicable requirements of the CEA, Part 18, divisions 1 and 2 that the auditor must examine.

An auditor's mandate for expressing an opinion on compliance with agreements, statutes or regulations must be established in accordance with the *CPA Canada Handbook – Assurance* (section 5800, *Special Reports – Introduction* and section 5815, *Special Reports – Audit Reports on Compliance with Agreements, Statutes and Regulations*). Political parties should confirm that the compliance audit will be done in accordance with the above sections.

The *CPA Canada Handbook – Assurance* gives auditors the following guidelines for such an audit:

- (a) the examination should be performed and the report prepared by a person or persons having adequate technical training and proficiency in auditing, with due care and with an objective state of mind;
- (b) the auditor should plan and perform the audit to reduce audit risk to an acceptably low level that is consistent with the objective of an audit and the auditor should plan the nature, timing and extent of direction and supervision of engagement team members and review of their work;
- (c) the auditor should obtain an understanding of the entity and its environment, including internal control, sufficient to identify and assess the risks of material non-compliance with criteria established by provisions of an agreement, statute or regulation whether due to fraud or errors, and sufficient to design and perform further audit procedures; and
- (d) the auditor should obtain sufficient appropriate audit evidence to be able to draw reasonable conclusions on which to base the audit opinion.

(Paragraph 5815.05)

Audit engagement letter

In accordance with Canadian Auditing Standard (“CAS”) 210, *Agreeing the Terms of Audit Engagements*, the auditor must agree to the terms of the audit engagement with the political party's management. The terms should be agreed upon before the auditor accepts the appointment by the political party. They are to be recorded in an audit engagement letter (or other suitable form of written agreement) that includes the following:

- Objective and scope of the audit
- Responsibilities of the auditor
- Responsibilities of the political party's management
- Identification of the applicable financial reporting framework prescribed by the CEA that will be used to prepare the election expenses return
- Reference to the expected form and content of the special report that will be issued by the auditor

- A statement that there may be circumstances in which a report may differ from its expected form and content

Depending on the particular facts and circumstances of each audit engagement, according to CAS 210, the audit engagement letter may make reference to the following matters:

- Elaboration of the scope of the audit, including references to applicable legislation and regulations
- The form of any other communication of results of the audit engagement
- The fact that 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 CASs
- Arrangements regarding the planning and performance of the audit, including the composition of the engagement team
- The expectation that management will provide written representations
- The agreement of management to make available to the auditor drafts of the election expenses return and any accompanying other information in time to allow the auditor to complete the audit in accordance with the proposed timetable
- The agreement of management to inform the auditor of facts that may affect the election expenses return, of which management may become aware during the period from the date of the auditor's report to the date the election expenses return is issued
- The basis on which fees are computed and any billing arrangements
- A request for management to acknowledge receipt of the audit engagement letter and to agree to the terms of the engagement outlined therein

Appendix 2 provides a sample engagement letter for the audit of a party's election expenses return (subject to amendment for a particular engagement).

Audit reports

Both audit reports must be submitted at the same time as the election expenses return – that is, up to a maximum of eight months after election day.

1. Audit report on the information contained in the financial records under CAS 805 (Special Considerations – Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement)

The auditor must express an opinion as to whether the election expenses return was prepared by the chief agent based on the provisions of section 437 of the CEA and this guideline, which has been prepared in accordance with CAS 805.

The auditor is responsible for performing the audit in accordance with Canadian generally accepted auditing standards. These standards require that the auditor comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the return is free from material misstatement.

A sample of the audit report on the information contained in the financial records can be found in Appendix 3.

2. Special audit report on compliance with statutes under section 5815

The auditor must express an opinion as to whether the registered party and chief agent have complied with the applicable requirements of the CEA, Part 18, divisions 1 and 2 (listed in Appendix 1 of this guideline).

Parameters and procedures

When engaged to express an opinion on a client's compliance with provisions of an agreement, statute or regulation, the auditor must comply with section 5815 of the *CPA Canada Handbook – Assurance*.

Auditors will use their professional judgment to establish procedures for collecting relevant information on the details and amounts provided in the return. They will choose procedures based, in part, on their evaluation of the risk that the return contains material misstatements, whether resulting from fraud or error. The party's internal control mechanisms will be a factor. Auditors will also need to consider the guideline published as per section 16.1 of the CEA.

Auditors should obtain an understanding of the registered party and its environment, including internal control. This understanding must be sufficient for them to:

- Identify and assess the risks of significant non-compliance with the applicable requirements, whether resulting from fraud or error
- Design and perform further audit procedures

The auditor needs to obtain sufficient appropriate audit evidence to be able to draw reasonable conclusions on which to base the audit opinion.

Content of the audit report

Section 5815 of the *CPA Canada Handbook – Assurance* provides requirements for the auditor's report on compliance.

According to the CPA handbook, the report should include "Auditor's Report" in the title and be presented in three paragraphs. The auditor should:

- (a) in the introductory paragraph of his or her own report:
 - (i) state that compliance with criteria established by provisions of the agreement, statute or regulation identified in the report has been audited;
 - (ii) identify the provisions of the agreement, statute or regulation;
 - (iii) describe or refer to disclosure of any significant interpretations of the provisions made by the management of the entity;
 - (iv) when a report on compliance with criteria established by provisions of the agreement, statute or regulation has been issued in the same circumstances for the preceding period, describe or refer to disclosure of a change in any significant interpretation of the provisions made by the management of the entity;
 - (v) indicate any other information having particular relevance to the party to whom the report is addressed including the subject of any reservation of opinion on the most recent audited financial statements;
 - (vi) state that such compliance is the responsibility of the management of the entity; and
 - (vii) state that it is the auditor's responsibility to express an opinion on this compliance based on the audit;
- (b) in the scope paragraph of his or her report state that:

- (i) the audit was conducted in accordance with Canadian generally accepted auditing standards;
 - (ii) those standards require that the audit be planned and performed to obtain reasonable assurance whether the entity complied with criteria established by provisions of the agreement, statute or regulation; and
 - (iii) such an audit includes:
 - examining, on a test basis, evidence supporting compliance;
 - evaluating the overall compliance; and
 - assessing, where applicable, the accounting principles used and significant estimates made by the management of the entity;
 - (c) in the opinion paragraph of his or her report express an opinion whether the entity has complied, in all material respects, with criteria established by provisions of the agreement, statute or regulation; and
 - (d) disclose the addressee, the name of the auditor (or firm), the date of the report and the place of issue.
- (Paragraph 5815.08)

Appendix 1 – Applicable Requirements of the *Canada Elections Act*

Elections Canada considers the following to be the applicable requirements of the *Canada Elections Act* (“CEA”), Part 18, divisions 1 and 2, that the auditor must examine.

Part 18 – Financial Administration	
Division 1 – General Financial Provisions	
363(3)	Provincial divisions (for the expense portion only) The auditor has to ensure that the election expenses reported by the provincial division of the party were recorded in the party’s election expenses return.
376(1)	Election expenses The auditor has to ensure that reported election expenses meet the following definitions: a) any cost incurred or non-monetary contribution received by a registered party, to the extent that the property or service that the cost was incurred for, or that was received as a non-monetary contribution, is used to directly promote or oppose a registered party or its leader during an election period; and b) any non-monetary transfer received from a registered association or a candidate of the registered party, to the extent that the property or services are used to directly promote or oppose a registered party or its leader during an election period. This generally means that any expense reasonably incurred for property or services used during the election period in relation to an electoral campaign is an election expense of the party.
376(2)	Exclusions – certain fundraising and nominations The auditor has to ensure that no expenses incurred for a fundraiser, for processing contributions (including salary costs) or for directly promoting the nomination of a person as candidate or the selection of a person as leader of the party were recorded as part of the party’s election expenses, other than expenses referred to in paragraphs 376(3)(a) and (b) that are related to such fundraising and promotional activities.
376(3)	Inclusions The auditor has to ensure that costs incurred, non-monetary contributions made and goods and services provided are recorded as election expenses, including but not limited to: a) the production of advertising or promotional material; b) the distribution, broadcast or publication of such material in any media or by any other means during the election period, including by the use of a capital asset; c) the payment of remuneration and expenses to or on behalf of a person for their services in any capacity; d) securing a meeting space or the supply of light refreshments at meetings; e) any product or service provided by a government, a Crown corporation or any

	<p>other public agency; and</p> <p>f) the conduct of election surveys or other surveys or research during an election period.</p>
380(1)	<p>Evidence of payment – \$50 or more</p> <p>For all expenses of \$50 or more incurred under the CEA, by or on behalf of the registered party, the auditor has to ensure that the agent or any other person authorized to pay the expense under the CEA has kept a copy of the invoice prepared by the claimant setting out the nature of the expense, together with proof that it was paid.</p>
380(2)	<p>Evidence of payment – under \$50</p> <p>For all expenses of less than \$50 incurred and paid as described in subsection (1), the auditor has to ensure that the person who made the payment has kept a record of the nature of the expense, together with proof that it was paid.</p>
381(1)(a)	<p>Petty expenses</p> <p>The auditor has to ensure that only registered agents of the registered party have authorized other persons to pay petty expenses such as office supplies, postage, and courier services. The auditor also has to ensure that only petty expenses were paid by the persons so authorized by the registered agents of the party.</p>
381(2)	<p>Authorized maximum</p> <p>The auditor has to ensure that the written authorization specifies a limit for the total amount of petty expenses that the person is authorized to pay.</p>
381(3)(a)	<p>Statement and evidence of payment</p> <p>In the case of a petty expense incurred on behalf of the registered party, the auditor has to ensure that the person who was authorized to make the payment provided the agent who authorized it with a detailed statement of payments made, accompanied by all related documents referred to in section 380, within three months after the day on which the expense was incurred.</p>
381(4)	<p>Prohibition</p> <p>The auditor has to ensure that the total amount of expenses paid by the authorized person did not exceed the limit specified in the written authorization.</p>
Division 2 – Political Parties	
Subdivision b – Financial Administration of Registered Parties	
426(1)	<p>Prohibition – paying expenses</p> <p>The auditor has to ensure that only a registered agent of the registered party or a person authorized under subsection 381(1) paid the party’s expenses.</p>
426(2)	<p>Prohibition – incurring expenses</p> <p>The auditor has to ensure that only a registered agent of the registered party incurred the party’s expenses.</p>
426(3)	<p>Prohibition – accepting contributions, borrowing</p> <p>The auditor has to ensure that only a registered agent of the registered party accepted contributions to the registered party or borrowed money on its behalf.</p>

426(4)	<p>Prohibition – accepting or providing goods, services or funds</p> <p>The auditor has to ensure that only a registered agent of the registered party did the following on behalf of the registered party:</p> <ul style="list-style-type: none"> a) accepted a provision of goods or services, or a transfer of funds, if the provision or transfer was permitted under section 364; or b) provided goods or services, or transferred funds, if the provision or transfer was permitted under that section.
431(1)	<p>Prohibition – election expenses more than maximum</p> <p>The auditor has to ensure that the chief agent of the registered party did not incur election expenses on the party’s behalf of a total amount greater than the limit specified under section 430.</p>

Appendix 2 – Sample Audit Engagement Letter¹

[Date]

To: Management leader of the political party

Dear Sir/Madam:

Report on the Registered 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 election expenses return, as per the *Canada Elections Act* (the "CEA"), following the general election of Month XX, 20XX. The objective of my audit will be to express two opinions on the election expenses return, in the following audit reports:

- a) Audit report under Canadian Auditing Standard ("CAS") 805, *Special Considerations – Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement*, on the *Registered Party Return in Respect of General Election Expenses* (the "Return"); and
- b) Audit report under the *CPA Canada Handbook – Assurance*, section 5815, *Special Reports – Audit Reports on Compliance with Agreements, Statutes and Regulations*, on the registered party's and chief agent's compliance with the applicable requirements of Division 1 (General Financial Provisions) and Division 2 (Political Parties) of Part 18 (Financial Administration) of the CEA. The list of applicable requirements as defined by Elections Canada is included as an appendix² to this letter.

My Responsibilities

As required by subsection 438(1) of the CEA, my audit will be performed in accordance with Canadian generally accepted auditing standards. These standards 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 objective of the audit report under CAS 805 will be to establish whether the Return was prepared by the chief agent based on the provisions of section 437 of the CEA and the guideline issued by Elections Canada, titled "Guideline for the External Audit of a *Registered Party Return in Respect of General Election Expenses*" and dated February 2016. The objective of the audit report under section 5815 will be to determine whether, on the date of the election expenses return, the registered party XXX had complied with applicable requirements of Division 1 (General Financial Provisions) and Division 2 (Political Parties) of

¹ This sample audit engagement letter is adapted to registered parties based on *A Guide for the Auditor of a Candidate in a Federal Election*, 10th edition (Chartered Professional Accounts Canada, 2015).

² The auditor should include an appendix listing the applicable requirements as defined by Elections Canada.

Part 18 (Financial Administration) of the CEA, as per subsection 438(1) of the CEA and the interpretation of such requirements as set out in the attached Note 1.³

The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement and risk of non-compliance 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 the party or its chief agent 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 and non-compliance 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 with you in writing concerning any significant deficiencies in internal control relevant to the audit of the election expenses return that I have identified during the audit.

It should be noted that even though the CEA does not force me to declare that all financial operations relating to the election expenses return were properly recorded, it does oblige me to perform the audit of the election expenses return in accordance with Canadian generally accepted auditing standards. As such, since there is a limitation on the scope of the audit work because of the particular nature of the financial transactions relating to electoral campaigns, it is impossible to check, in a satisfactory way during the audit process, whether all expenses were accounted for and are in compliance. This fact will be mentioned in my reports.

As required by the CEA, my reports will be addressed to the party's chief agent, XXX XXX.

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 CASSs, my audit report under CAS 805 will be based on the applicable financial reporting framework. I shall prepare an audit report under section 5815 to comply with subsection 438(1), which reads:

As soon as feasible after a general election, a registered party's auditor shall report to its chief agent on its return on general election expenses and shall, in accordance with generally accepted auditing standards, make any examination that will enable the auditor to give an opinion in the report as to whether the return presents fairly the information contained in the financial records on which the return is based and the registered party and the chief agent have complied with the requirements of Division 1 of this Part and this Division.

I must include the following statement in my audit report under CAS 805:

As required by subsection 438(1) of the *Canada Elections Act*, in my opinion, the Return presents the information contained in the financial records on which it is based.

³ Auditors are to include "Appendix 1 – Applicable Requirements of the *Canada Elections Act*" of this guideline as Note 1 to the auditor's report under section 5815.

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.

Subsection 438(2) requires me to include in my report any statement that I consider necessary if, based on my examination, it appears that proper accounting records have not been kept or if applicable requirements of the CEA were not respected by the party and chief agent. In such a case, I will include a statement to that effect in my audit report under section 5815.

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 the Return that is not already in the public domain to any third party without the party’s 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. In this respect, however, it should be noted that subsection 382(1) of the CEA requires the Chief Electoral Officer to publish the Return within one year after the writ for an election, and in the case of an updated Return, as soon as practical after it is received.

In the absence of circumstances that would prevent me from expressing an opinion without further modification or additional statement, my audit report under CAS 805 will be substantially in the following form:

[Include content of the auditor’s report]

In the absence of circumstances that would prevent me from expressing an opinion without further modification or additional statement, my audit report under section 5815 will be substantially in the following form:

[Include content of the auditor’s report]

Your Responsibilities

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

- a) Preparing the election expenses return in accordance with the requirements of the CEA;
- b) Such internal control as you and the chief agent determine is necessary to enable the preparation of the election expenses return in a manner that is free from material misstatement, whether due to fraud or error; and
- c) Providing me with access to all information of which you and the chief agent 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 and the chief agent 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:
 - (i) any illegal or possibly illegal acts, and all facts related thereto;
 - (ii) claims and possible claims, whether or not they have been discussed with the electoral campaign’s legal counsel;

- (iii) any known or probable instances of non-compliance with legislative or regulatory requirements, including reporting requirements under the CEA;
 - (iv) an assessment of the reasonableness of any significant assumptions underlying valuations and disclosures in the Return;
 - (v) a note to be attached to the Return describing the financial reporting framework applied for preparing the Return; and
 - (vi) details on subsequent events.
- d) Providing me with additional information that I may request from you and the chief agent for the purpose of the audit; and
- e) 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 and the chief agent written confirmation concerning representations made to me in connection with the audit engagement.

You have agreed that you or the chief agent 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 chief agent, and, if necessary, you or the chief agent will arrange for suppliers to certify the commercial value of goods and services provided.

You and the chief agent are responsible for the timely preparation and completeness of the accounting records and the election expenses return, which is to be prepared in accordance with the financial reporting provisions of the CEA and with the applicable requirements of the CEA as stated in the appendix attached to this engagement letter.

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.

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:

- a) you or the chief agent have obtained any required consents for collection, use and disclosure to me of all personal information required under applicable privacy legislation; and

b) I will hold all personal information in compliance with my firm's Privacy Statement.

I count on the entire collaboration of your employees and hope they will provide me with all files, documents, and other requested information during our engagement.

Restriction on Use

The Return is prepared to assist the chief agent in meeting the requirements of the CEA and Elections Canada's guideline, titled "Guideline for the External Audit of a *Registered Party Return in Respect of General Election Expenses*" and dated February 2016. As a result, the Return may not be suitable for another purpose. My report is intended solely for the chief agent of the registered party XXX and the Chief Electoral Officer, and should not be used by parties other than the chief agent or the Chief Electoral Officer.

Please sign the attached copy of this letter and return it to me in order to confirm that it reflects your understanding of the conditions of the engagement.

Yours truly,

For the Registered Political Party

.....
PROFESSIONAL

.....
[name and title]

Read and approved

[date]

Appendix 3 – Sample Audit Report Under CAS 805

Independent Auditor’s Report

To the chief agent of the registered political party

Report on the Election Expenses Return

I have audited the accompanying *Registered Party Return in Respect of General Election Expenses* (the “Return”) for the Registered Party XXX relating to the general election of Month XX, 20XX. The Return was prepared by the Chief Agent of the XXX party based on the provisions of section 437 of the *Canada Elections Act* and the guideline issued by Elections Canada, titled “Guideline for the External Audit of a *Registered Party Return in Respect of General Election Expenses*” and dated February 2016.

The Chief Agent’s Responsibility for the Election Expenses Return

The Chief Agent is responsible for the preparation of the Return in accordance with the financial provisions of section 437 of the *Canada Elections Act* and the guideline issued by Elections Canada, and for such internal control that is determined necessary to enable the preparation of a return that is free from material misstatements, whether due to fraud or error.

Auditor’s Responsibility

My responsibility is to express an opinion on the Return based on our audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the return is free of 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. In making those risk assessments, the auditor considers 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Chief Agent, as well as evaluating the overall presentation of the Return.

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 inherent nature of the transactions of registered political parties, the completeness of general election expenses is not susceptible of satisfactory audit verification. Accordingly, my verification of these amounts was limited to the amounts recorded in the registered party’s accounting records and I was not able to determine whether any adjustments might be necessary to general election expenses.

Qualified Opinion

In my opinion, except for the possible effects of the matter described in the “Basis for Qualified Opinion” paragraph, the Return of the Registered Party XXX, relating to the general election of Month XX, 20XX, was prepared, in all material respects, in accordance with the reporting provisions of section 437 of the *Canada Elections Act* and the guideline

issued by Elections Canada, titled "Guideline for the External Audit of a *Registered Party Return in Respect of General Election Expenses*" and dated February 2016.

Basis of Accounting and Restriction on Use

Without modifying my opinion, I draw attention to the Note to the Return, which describes the basis of accounting. The Return is prepared to assist the Chief Agent in meeting the requirements of the *Canada Elections Act* and the guideline issued by Elections Canada, titled "Guideline for the External Audit of a *Registered Party Return in Respect of General Election Expenses*" and dated February 2016. As a result, the Return may not be suitable for another purpose. My report is intended solely for the Chief Agent of the Registered Party XXX and the Chief Electoral Officer, and should not be used by parties other than the Chief Agent or the Chief Electoral Officer.

Report on Other Legal and Regulatory Requirements

I additionally declare that the total election expenses amount of \$XXX,XXX.XX, as shown in the financial statement of Registered Party XXX for the general election of Month XX, 20XX, is below the limit of \$XXX,XXX.XX determined by Elections Canada.

(signed).....

PRACTITIONER

City

Date

Appendix 4 – Sample Special Audit Report under Section 5815

External Auditor’s Report on Compliance with Statutes

To the chief agent of the registered political party

I have audited Registered Party XXX for compliance as at Month XX, 20XX, with the criteria established by the applicable requirements of Division 1 (General Financial Provisions) and Division 2 (Political Parties) of Part 18 (Financial Administration) of the *Canada Elections Act*, as per subsection 438(1) of the Act (“the legal provisions”) and the interpretation of such requirements as set out in the attached Note 1.⁴ Compliance with the criteria established by the legal provisions is the responsibility of the registered political party’s management. My responsibility is to express an opinion on this compliance based on my audit.

Except as explained in the following paragraph, I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance about whether the Registered Party XXX complied with the criteria established by the legal provisions referred to above. Such an audit includes examining, on a test basis, evidence supporting compliance; evaluating the overall compliance with these criteria; and, where applicable, assessing the accounting principles used and significant estimates made by management.

Due to the inherent nature of the transactions of registered political parties, the completeness of general election expenses is not susceptible of satisfactory audit verification. Accordingly, my verification of these amounts was limited to the amounts recorded in the registered party’s accounting records and I was not able to determine whether any adjustments might be necessary to general election expenses.

In my opinion, except for the effect of adjustments, if any, which I might have determined to be necessary had I been able to satisfy myself concerning the completeness of general election expenses referred to in the preceding paragraph, as at Month XX, 20XX, Registered Party XXX is in compliance, in all material respects, with the criteria established by the applicable requirements of Division 1 (General Financial Provisions) and Division 2 (Political Parties) of Part 18 (Financial Administration) of the *Canada Elections Act*, as per subsection 438(1) of the Act and the interpretation of such requirements as set out in the attached Note 1.⁵

(signed).....

PRACTITIONER

City

Date

⁴ Auditors are to include “Appendix 1 – Applicable Requirements of the *Canada Elections Act*” of this guideline as Note 1 to the auditor’s report under section 5815.

⁵ Auditors are to include “Appendix 1 – Applicable Requirements of the *Canada Elections Act*” of this guideline as Note 1 to the auditor’s report under section 5815.