



A NOTE TO THE AUDITOR

Campaign Finance Legislation

Campaign finance legislation has existed in Manitoba since the early 1980's. Over the years, the legislation governing campaign finance law in Manitoba, *The Election Financing Act (EFA)*, has evolved into what exists today. Significant amendments have broadened the obligations placed on the participants in the democratic process, many of whom are volunteers.

Ensuring compliance with the provisions of the EFA is the responsibility of the Chief Electoral Officer (CEO) and Elections Manitoba. The role and position of the CEO, among other things, is to instill public confidence in the electoral process in Manitoba and to assist those who have a responsibility to comply with the EFA.

Due to the financial nature of many of the provisions of the EFA, candidates, registered parties, and other participants are required to file statements or forms that report financial balances and transactions. The EFA requires some forms be audited, and reported upon, by an external auditor.

The external audit is a very critical element in the process of ensuring compliance with the provisions of the EFA and ultimately in instilling public confidence in the electoral process. The significance of the audit process is affirmed through a provision of the EFA that empowers the auditor to access any records and information he or she considers necessary in order to issue a report. Elections Manitoba illustrates the commitment the CEO has to supporting the external audit process throughout the resources provided such as guidelines. The guides designed to assist the external auditor in performing audits and reporting findings for the following financial statements filed with the CEO:

- *Annual Financial Statement of a Registered Party (Form 920);*
- *Statement of Income, Transfers and Election Expenses of a Registered Party for a Campaign Period (Form 921),*
- *Candidate's Financial Statements and Supporting Schedules (Form 922), and*
- *Leadership Contestant's Financial Statement and Supporting Schedules (Form 947)*

An audit in the political environment presents additional unique and challenging audit issues unlike those found in any other environment. For example, the financial statements are based on the accounting requirements of the EFA; however, for areas where the requirements of the EFA do not provide sufficient guidance, accounting standards are based on generally accepted accounting principles as commonly set out in the *Chartered Professional Accountants Canada Handbook – Accounting*. In addition, although the audit is not of a compliance nature, there are certain compliance issues that if uncovered by the auditor in the course of the audit should be reported upon. It is the expectation that the auditor will report



these areas of non-compliance. A more complete discussion of the unique attributes of these audits is provided in the *Legislative Reference Guide for Auditors*.

Elections Manitoba provides auditors with guides that contain significant and relevant information and is organized in a way that walks a person through the role of an auditor.

Resources Available for Auditors

- 1. *Legislative Reference Guide for Auditors – An Auditor's Reference to The Election Financing Act*** – This guide focuses on relevant provisions of the EFA for an auditor in order to conduct an effective audit.
- 2. *Accounting Guide – Accounting For Purposes of The Election Financing Act*** – This guide establishes the accounting principles upon which, and the framework within which registered parties, constituency associations, candidates, leadership contestants and other participants in the electoral process responsible for compliance with the EFA, exercise judgment when making accounting and disclosure decisions.
- 3. *Audit Guide – Accounting For Purposes of The Election Financing Act*** – This document provides guidance concerning the unique audit environment and audit requirements of the EFA.
- 4. *The Election Financing Act*** – The legislation governing campaign finance within the Province of Manitoba.
- 5. *Forms*** – Fillable financial statement forms for registered parties, candidates and leadership contestants can be found on Elections Manitoba's website <http://www.electionsmanitoba.ca/en/Resources/Guides>.
- 6. *Information Sessions*** – Elections Manitoba offers information sessions to auditors to help clarify information. A written guide is one way to provide assistance but sometimes it helps to hear things directly. Auditors may only do this job once every three or four years at most and given the changes to the EFA that take place in the interim, it is recommended that all possible means of learning be considered. Attending a session will also give you a chance to ask any questions you might have and to meet someone from Elections Manitoba. Please visit Elections Manitoba's website to see upcoming scheduled information sessions.
Attending an information session is strongly encouraged.
- 7. *Compliance Assistance offered by Elections Manitoba*** – Elections Manitoba has a legislated mandate to provide assistance to financial officers, official agents, candidates, registered parties, constituency associations and auditors to help them comply with the EFA. For compliance purposes, the EFA authorizes Elections Manitoba to review, examine, and inspect forms and returns filed under the EFA, along with any underlying support. The



Elections Manitoba has an internal review program where forms and returns are selected for review using either pre-established criteria or a random basis.

Elections Manitoba works with campaigns to rectify unintentional instances of non-compliance without serious consequences, nevertheless, the consequences can be serious if legislative requirements are not followed.

Some of the ways assistance is provided include:

- Hosting information sessions throughout the province before, during and after an election
- Maintaining a website with important information – www.electionsmanitoba.ca
- Meeting individually with auditors and representatives on request
- Answering telephone and email inquiries (during an election there are extended hours)
- Issuing periodic reminders to participants (e.g. a reminder of a filing deadline)

Contacting Elections Manitoba

General inquiries:

Elections Manitoba
120 – 200 Vaughan Street
Winnipeg MB R3C 1T5

Telephone: 204-945-3225
Toll Free in Manitoba: 1-866-628-6837
Facsimile: 204-945-6011

General Email Address: election@elections.mb.ca
Website: www.elections.mb.ca

Inquiries on The Election Financing Act:

Email: finance@elections.mb.ca

Inquiries on The Elections Act:

Email: operations@elections.mb.ca

Candidates, official agents and others are **strongly encouraged** to contact Elections Manitoba as often as necessary in order to understand the requirements of *The Election Financing Act* or *The Elections Act*.