

A NOTE TO THE AUDITOR

What's In This Handbook?

Auditor's Handbook – Elections Manitoba is a reference source for auditors and contains the following five sections:

1. **Accounting Guide – Accounting For Purposes of The Elections Finances Act.** This guide establishes the accounting principles upon which, and the framework within which registered political 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.
2. **Audit Guide – Auditing For Purposes of The Elections Finances Act.** This document provides guidance concerning the unique audit environment and audit requirements of the *EFA*.
3. **Legislative Reference Guide for Auditors - An Auditor's Reference to The Elections Finances Act.** This guide focuses on relevant provisions of the *EFA* for an auditor in order to conduct an effective audit.
4. **The Elections Finances Act.** This is the legislation governing campaign finance within the province of Manitoba.
5. **Forms.** This section contains auditor appointment forms and financial statement forms for candidates, political parties and leadership contestants.

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 Elections Finances 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 his non-partisan office, Elections Manitoba.

The role and position of the CEO, among other things, is to instill public confidence in the electoral process in Manitoba.

Due to the financial nature of many of the provisions of the *EFA*, candidates, registered political parties, and other participants are often required to file statements or forms that report financial balances and transactions. The *EFA* requires that certain of these 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. This document, the *Auditor's Handbook – Elections Manitoba* illustrates the commitment the CEO has to supporting the external audit process. It is specifically 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 Political Party (Form 920);
- Statement of Income, Transfers and Election Expenses of a Registered Political 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 *Canadian Institute of Chartered Accountant's Handbook - Accounting* and accepted practice. 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 *Audit Guide*.

The Compliance Program of Elections Manitoba

For compliance purposes, the *EFA* allows Elections Manitoba to review, examine, and inspect forms and returns filed under the *EFA* along with any underlying support. Elections Manitoba may select forms and returns or other

related information for a more comprehensive review based on pre-established criteria or on a random basis.

The Compliance Assistance Program of Elections Manitoba

Elections Manitoba has a legislated mandate to provide assistance to chief financial officers, official agents, candidates, political parties, constituency associations and auditors in helping them comply with the *EFA*. Some of the ways assistance is provided include:

- Information sessions throughout the province for official agents, campaign managers and candidates before and during an election;
- Website information – www.electionsmanitoba.ca;
- Meeting individually with official agents and representatives;
- A financial subsidy for auditors to consult with official agents on record-keeping;
- Telephone inquiries (during an election there are extended hours to answer questions);
- Periodic reminders to participants (e.g. a reminder of a filing deadline);
- Providing tools and printed material such as this Handbook.

Overwhelmingly, 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.

Elections Manitoba also undertook a major initiative to review how assistance is provided. The initial phase of the review included formal consultation with participants and this provided essential information for a major redesign of forms, guidelines and materials. The process is ongoing and will begin again after each election.

Elections Manitoba Contact Information

General Inquiries:

Elections Manitoba
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Facsimile: (204) 945-6011

General Email Address: election@elections.mb.ca

Website: www.electionsmanitoba.ca

Financial Officers, Candidates, Official agents and others are **strongly encouraged** to contact Elections Manitoba as often as necessary in order to understand the requirements of *The Elections Finances Act* or *The Elections Act*.