



**E-404**

The Election Act, 1996  
Section 5  
Rev. December 2006

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**Auditor's Guide to Provisions  
of The Election Act, 1996  
(Candidate)**

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## Preface

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The Office of the Chief Electoral Officer, also known as Elections Saskatchewan, is responsible for the administration of provincial elections and provincial election finances, pursuant to *The Election Act, 1996* (the “Act”).

This guide has been prepared to facilitate the application of Part VII of *The Election Act, 1996*, dealing with candidates’ election campaign financing and the control of their respective election expenses. Its intent is to provide practical assistance to auditors appointed by candidates in fulfilling their responsibilities under the Act. Audit reporting under the Act makes an important contribution to the public’s confidence in the financing of the electoral process.

The contractual relationship involved in acting as auditor for a candidate is a matter between the auditor and the candidate. As such, any questions regarding the obligations of an auditor should be directed to the candidate, failing this, to the Chief Electoral Officer. Individuals making use of this guide are reminded that it has no legislative authority and it is intended to serve merely as a guideline to the finance provisions of the Act. For precise statutory provisions, reference should be made to the Act as amended.

Other publications prepared for use by candidates and their respective campaign officials include the Candidate’s Guide to Provisions of The Election Act, 1996, Form E-400, and the Business Manager’s Guide to Provisions of The Election Act, 1996, Form E-402, copies of which are available from:

**Elections Saskatchewan**  
**1702 Park Street**  
**Regina SK S4N 6B2**  
**(306) 787- 4000 or toll free 1- 877- 958 – 8683**  
[info@elections.sk.ca](mailto:info@elections.sk.ca)

These publications are also available on-line at [www.elections.sk.ca](http://www.elections.sk.ca).

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## Appointment

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Each candidate is required, upon declaration of his or her candidacy or before nomination day, to appoint an auditor. Written notification of the appointment and consent of the auditor of a candidate is made in writing on Form E-403, Appointment/Consent of the Auditor of a Candidate (See Appendix I), and subsequently forwarded to the Chief Electoral Officer. If for any reason an appointment is terminated, the candidate must forthwith, in writing, inform the Chief Electoral Officer of the alteration and subsequent replacement. Given that the nature of a candidate's election campaign is particular to the election contested, the engagement of the auditor concludes following the auditor's examination and preparation of reporting on financial obligations of the candidacy. [238(1), 238(3)]

According to the Act, an auditor must be a person who is, or a firm that has at least one partner who is, a member in good standing of: [222(1)]

- the Institute of Chartered Accountants of Saskatchewan;
- the Certified General Accountants Association of Saskatchewan; or
- the Society of Management Accountants of Saskatchewan.

An auditor must apply generally accepted accounting and auditing principles in conducting an examination or in making a report pursuant to the Act. [222(2)]

A returning officer, election clerk, supervisory deputy returning officer, deputy returning officer, poll clerk, enumerator, candidate, business manager of a candidate, chief official agent of a registered political party, and anyone who is a partner, employee or student of any of the foregoing is prohibited by the Act from acting as auditor for a candidate or participating in the examination or the preparation of an auditor's report. [238(4)]

The primary responsibility of a candidate's auditor is to make written report to the business manager on the Candidate's Return of Election Expenses, Form E-412, prepared on behalf of the candidate. [238(5)]

It is important for anyone acting as auditor for a candidate to meet with the candidate and business manager to discuss arrangements to be made among them and to ensure the business manager records receipt of contributions and payment of expenditures of the campaign in a manner, which facilitates the reporting, required under the Act. This will help provide the internal controls in the election financing of the candidate necessary to assist the auditor and business manager to report in accordance with the Act.

Accordingly, the auditor of a candidate should be familiar with the manner in which receipt of contributions and payment of election expenses are to be reported under the Act.

### **Election Expenses Return**

Within three months after polling day, a business manager must file, on behalf of the respective candidate, an audited election expenses return which sets out the following: [261]

- all contributions received, including the amount of money and the commercial value of goods and services donated or provided at other than their true value; and
- all election expenses incurred, including the personal expenses and campaign expenses of the candidate.

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## Responsibilities (cont'd)

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### Contributions

All contributions received by a candidate's election campaign are under the auspices of the business manager. Contributions may take the form of gifts, loans, advances, deposits or other forms of assistance. Contributors are classified for the purpose of recording contributions as follows: [239(4), 261(2)]

- individuals;
- corporations;
- trade unions;
- unincorporated organizations and associations; and
- other persons or groups of persons.

Each contribution received, pursuant to subsection 240(6) of the Act, from a corporation, trust fund or constituency association must be accompanied by a detailed statement setting out the name of the person authorizing the contribution on behalf of the corporation, trust fund, or constituency association and the name of and the amount contributed by each person who contributed more than \$250 in a year whose contribution was used to make up the funds contributed by the corporation, trust fund or constituency association.

Likewise, each contribution received, pursuant to subsection 240(7) of the Act, from a registered party (defined in the Act as a "federally registered political party") must be accompanied by a detailed statement setting out the name of and the amount contributed by each person who contributed more than \$250 in a year whose contribution was used to make up the funds contributed by the registered party.

Funds collected for campaign purposes from other sources such as tickets sold for dinners, rallies, public meetings and other functions, as well as collections at such functions and proceeds from the sale of pins, buttons, flags, hats and other items are deemed to be contributions which must be reported. All other income and receipts from any source must also be reported. Generally the costs incurred in raising these funds are deductible from the amount that must be reported as a contribution with the exception of expenses for meetings or rallies held for election purposes, which may be reported as election expenses as long as no admission fees are collected for such events. [261(2)(h)]

Contributions may be received by a candidate's business manager in one of two forms: money or donations in kind. The total of all contributions must be reported in the election expenses return and, in any instance where the value of all contributions from any individual source exceeds \$250, that source must be identified. [261(2)(g)]

The Act requires that goods and services provided (excluding volunteer labour) be recorded at their commercial value. Reference should be made to subsection 220(c) of the Act for guidance on the treatment of any shortfall between that value and the amount, if any, charged for the goods or services in question. For each commercial value claim over \$25, the business manager is required to obtain adequate support documents setting out the commercial value of any goods and services in question; thus, it is incumbent on the auditor to ensure the documents obtained provide an adequate basis to place reliance on the amount being claimed. [255, 261(2)(e)]

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## Responsibilities (cont'd)

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It should be noted that the value of donations in kind must be recorded and included as a contribution received by the business manager where claimed as an election expense. Accordingly, commercial value is an election expense and a contribution concurrently and must be reported as such in both the contributions portion and in the election expenses portion of the return. [261(2)(a), 261(2)(e)]

A contribution that is made through an agent and where the agent fails or refuses to disclose the identity of his or her principal is deemed to be received from an anonymous donor. No anonymous contribution in excess of \$250 may be accepted by a business manager. Any such contribution received must be reported and forwarded to the Chief Electoral Officer and subsequently forfeited to the Minister of Finance. [241]

There are no limits on the amount of contributions a candidate may collect, however, contributions cannot be collected from persons outside Canada who are not Canadian citizens. [242]

While a candidate may not, an independent candidate may receipt contributions received from provincial resident taxpayers, inclusive of individuals and corporations, in accordance with *The Political Contributions Tax Credit Act, 2001* (Saskatchewan) and *The Income Tax Act, 2000* (Saskatchewan). For interpretation of the provincial political contributions tax credit regime, see Form P-604, Guide to Provisions of The Political Contributions Tax Credit Act, 2001 (Independent Candidate).

## **Expenditures**

The Act defines expenses incurred by a candidate's campaign in three categories: candidate's personal expenses, candidate's campaign expenses and candidate's election expenses which are reported on in the election expenses return.

(i) **Candidate's Personal Expenses**

Candidate's personal expenses are expenses incurred in connection with an election and are paid directly by the candidate during the period of his or her candidacy. Personal expenses of the candidate are to be recorded by the candidate and reported in the election expenses return but are not included in the calculation of election expenses. [220(j)]

(ii) **Candidate's Campaign Expenses**

Candidate's campaign expenses are expenses of the candidate incurred during an election and are paid directly by the candidate, or indirectly on behalf of the candidate, for reasonable travel to or within the constituency and include meals and accommodation. Candidate's campaign expenses, or any portion thereof, may be excluded in the calculation of election expenses if inclusion would result in the candidate exceeding the expense limitations specific to that election. [220(b), 252(5)]

(iii) **Candidate's Election Expenses**

Election expenses are defined in the Act 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 . . .” The phrase “during an election” is defined in the Act as, “. . . the period commencing the day a writ is issued for an election and ending on polling day for the election.” In other words, it is when and for what

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## Responsibilities (cont'd)

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purpose goods and services were used that will be determining factors more than will be the date the goods and services were purchased or received. [2(1)(o), 220(f)]

Subject to proper compliance and eligibility, including the requirement that the candidate has received not less than 15 per cent of the valid votes cast in the constituency, the candidate is entitled to a reimbursement of a sum equal to 60% of his or her lawfully incurred election expenses up to the maximum allowable limit prescribed in the Act. [265(1)(a), 265(6)]

The Act places limitations on the incursion of election expenses. The maximum amount of money or its equivalent that can be spent during an election is set out in the Act and is also adjusted annually for inflation in accordance with the Consumer Price Index (C.P.I.). Current year limits are forwarded by the Chief Electoral Officer to each registered political party and are published in *The Saskatchewan Gazette*. They may also be obtained by contacting Elections Saskatchewan or on-line at [www.elections.sk.ca](http://www.elections.sk.ca). [221, 252(1)]

## Payments

The Act sets out requirements regarding the payment of election expenses of a candidate. These procedures are as follows:

- creditors must submit all accounts to the candidate or business manager within sixty days after the day fixed for the return to the writ. [256(1)]
- if a creditor dies within the sixty day period his or her legal representative must submit the bill, charge or claim to the candidate or business manager within two months of becoming the legal representative of the creditor; [256(3)]

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## Responsibilities (cont'd)

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- failure to deliver a bill, charge or claim within either of the two periods mentioned above means the account is barred and may not be paid by the business manager; and [256(2)]
- all non-barred accounts must be paid within ninety days of polling day and any account not paid within the ninety-day period is deemed to be a disputed claim and may only be paid under the direction of the Chief Electoral Officer or an order of a Judge of the Court of Queen's Bench. [257, 258(1)].

In order for the candidate to support and substantiate the payment of any expenses exceeding \$25, all original bills, invoices, bills of lading, work orders, purchase orders, leases and vouchers stating particulars of each expense, and proofs of payment in the form of receipts or cancelled cheques must be included when making claim as an election expense. In cases where the commercial value of goods or services is being considered as an election expense, the commercial value of the goods and services must be established by an independent means, such as a statement or a written estimate from a commercial supplier setting out the market value of the goods or services in question. [255, 261(2)(a)]

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## Scope of Auditor's Report

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The Act specifies that the auditor must make written report on the election expenses return and, in doing so, the auditor is entitled to make any examinations the auditor deems necessary. This will enable the auditor to state whether the return in question fairly represents the information in the accounting or bookkeeping records on which that return is based. [238(6)]

More specifically, the auditor must make statements in his or her report where in the auditor's opinion: [238(7)]

- the return does not fairly represent the financial transactions required to be set out by the reports;
- the auditor did not receive all the information and explanations requested from the business manager; or
- it appears that proper accounting records have not been kept by the business manager.

The auditor is entitled to have reasonable access to all relevant records, documents, books, accounts and vouchers of the business manager and candidate. The auditor is also entitled to require any information and explanation from the business manager or the candidate that he or she considers necessary to make his or her report. [238(8)]

The auditor should be aware that the Chief Electoral Officer considers all transactions to be material and must be reported. It is recommended that where the auditor finds any transaction in apparent contravention of the Act, the business manager should be informed and asked to correct the situation and the return if necessary and if possible.

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## Scope of Auditor's Report (cont'd)

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If no such change is made, for whatever reason, this should be noted and stated in the auditor's report. In instances where the records do not contain adequate explanations of transactions or there is a suspicion of incomplete or incorrect accounting records, or where the Act has been contravened and no adequate explanation is given, the auditor must indicate so in the report.

[238(7)]

The auditor should be alert to circumstances that would raise suspicion the information in a given return is incomplete or in error. In the absence of such circumstances, however, the auditor has no obligation to carry out procedures aimed at determining the completeness of what is being reported, but merely to ensure the accuracy of that reporting (See Appendix II - Sample Audit Report).

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## Auditor's Account

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The business manager is responsible for making payment of the auditor's account. [267(4)]

The auditor's fees for reporting on the election expenses return are reimbursable and as such are not to be included on the election expenses return as an election expense. [267(7)]

The auditor's account of a candidate is reimbursable regardless of whether the candidate qualifies for reimbursement of his or her election expenses. [267(4)]

The business manager, upon receipt of a bill or invoice marked "paid" from the auditor, submits that proof of payment and cancelled cheque to the Chief Electoral Officer. Upon receipt by the Chief Electoral Officer of proof of payment for auditing services provided, the business manager is entitled to reimbursement up to the maximum prescribed in the Act and adjusted annually for inflation in accordance with the C.P.I. Current year limits are published in *The Saskatchewan Gazette*. They may also be obtained by contacting Elections Saskatchewan or on-line at [www.elections.sk.ca](http://www.elections.sk.ca) [267(5), 267(6)]

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This guide has been prepared to facilitate compliance with the recording and reporting requirements contained in Form E-412 and related provisions of *The Election Act, 1996*. In instances where interpretation of contributions and expenditures are ambiguous it is within the mandate of the Chief Electoral Officer to interpret and prescribe legislative intent under the Act. This guide has no legal or legislative effect.

**E-403 Appointment/Consent  
of the Auditor of a Candidate**

**Appendix I**



SASKATCHEWAN

To be filed with the registered political party or with the Chief Electoral Officer.

**E-403**

The Election Act, 1996  
Section 238(1)

**Appointment/Consent of the  
Auditor of a Candidate**

Constituency of \_\_\_\_\_

**Part I**

I, the said \_\_\_\_\_, having declared my candidacy at the election of a member to represent the said constituency in the Legislative Assembly of Saskatchewan do hereby appoint \_\_\_\_\_  
Name

Address \_\_\_\_\_ Postal Code \_\_\_\_\_

to act as my Auditor at the election about to be held.

Given under my hand this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

**Part II**

\_\_\_\_\_  
Signature of Candidate

I, the said \_\_\_\_\_, do hereby consent to my appointment to act as Auditor for the above-named Candidate in the election about to be held.

Dated at \_\_\_\_\_, Saskatchewan, this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
Signature of Auditor

**Note:** The Chief Electoral Officer shall forthwith be notified in writing (this form) of the appointment and consent of the auditor of a Candidate and any subsequent replacements thereof (s.238(3)).

Received, registered and effective, this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
Signature of Chief Electoral Officer

Pursuant to subsection 238(5) of *The Election Act, 1996*

**AUDITOR'S REPORT**

To: Business Manager

of.

I/we have audited the return of election expenses of \_\_\_\_\_  
for the campaign period from \_\_\_\_\_, \_\_\_\_\_ to \_\_\_\_\_, \_\_\_\_\_. This return is the responsibility of  
the business manager. My/our responsibility is to express an opinion on the return based on my/our  
audit.

Except as explained in the following paragraph, I/we conducted my/our audit in accordance with  
generally accepted auditing standards. Those standards require that I/we plan and perform an audit to  
obtain reasonable assurance whether the return is free of material misstatement. An audit includes  
examining, on a test basis, evidence supporting the amounts and disclosures in the return. An audit  
also includes assessing the accounting principles used and significant estimates made by the business  
manager as well as evaluating the overall return presentation.

Due to the nature of the types of transactions inherent in any election campaign, it is impracticable  
through auditing procedures to determine that the accounting records include all transactions for the  
campaign period. Accordingly, my/our verification of these transactions was limited to the amounts  
recorded in the accounting records of the business manager and candidate and I was/we were not able  
to determine whether any adjustments might be necessary to those expenses.

In my/our opinion, except for the effect of adjustments, if any, which I/we might have determined to be  
necessary had I/we been able to satisfy myself/ourselves as to the completeness of the records as  
described in the preceding paragraph, the return presents fairly, in all material respects, the financial  
transactions of the candidate's campaign required by section 261 of *The Election Act, 1996* to be  
detailed in the return of election expenses for the campaign period from \_\_\_\_\_, \_\_\_\_\_ to \_\_\_\_\_, \_\_\_\_\_.

(Optional paragraph(s) may be added here)

(Signed) \_\_\_\_\_  
Professional Designation

City, Town or Village

Date

1. Ensure you are eligible to act in the capacity of auditor for a candidate; refer to the eligibility provisions in *The Election Act, 1996*.
2. Review *The Election Act, 1996*, particularly Part VII - Registration and Election Financing, and the Auditor's Guide to Provisions of The Election Act, 1996 (Candidate), Form E-404, to ensure you understand the audit and reporting requirements and the responsibility assumed through consenting to appointment as auditor of a candidate, in particular:
  - audits are to be conducted in accordance with generally accepted accounting and auditing principles;
  - the Act imposes limits on the amounts a candidate may spend on election expenses. These limits are adjusted annually in accordance with the Consumer Price Index and are forwarded to each registered political party. They may also be obtained by contacting Elections Saskatchewan or on-line at [www.elections.sk.ca](http://www.elections.sk.ca);
  - the Act and the Chief Electoral Officer consider all transactions to be material; and
  - become familiar with the deadline for filing a return by a candidate: three months after polling day [261(1)]
3. Review the following:
  - Candidate's Guide to Provisions of The Election Act, 1996, Form E-400.
  - Business Manager's Guide to Provisions of The Election Act, 1996, Form E-402.
  - If doing an audit for an independent candidate: Guide to Provisions of The Political Contributions Tax Credit Act, 2001 (Independent Candidate), Form P-604.
4. Audit
  - Review all schedules and other forms contained in the reporting package for accuracy and completeness, checking all additions and cross-references.

- Review internal controls over recording of contributions, inclusive of eligible receiptable contributions under the provincial contributions tax credit regime. Such internal control procedures must ensure maintenance of requisite support documentation and evidence the commercial value of donations in kind and goods and services provided at less than their true market value. [220(c), 261(2)]
- Ensure adequate supplier documents for all election expense claims are present (bills, invoices and receipts or cancelled cheques as proof of payment). [255, 261(4)]
- Ensure complete details are obtained in all instances where a supplier's invoice is being disputed.
- Commercial value is both an election expense and a contribution concurrently and must be reported as such in both the contributions portion and the election expenses portion of the return.
- Election expenses are defined in the Act. The Act also makes provision for expenses to be excluded from election expenses. In keeping with expense controls, be familiar with those election expenses, which are exempted under the Act. [266]
- Inform business manager of any transactions in apparent contravention of the Act and request further explanation and correction. If no such explanation is forthcoming, or if correction is not or cannot be effected, note the apparent contravention in the written report. [238(7)]
- Determine whether the return represents fairly the financial transactions and accounting records on which it is based. [238(6)]