

## Practice Advisory

### Attention CFOs, Official Agents, and Auditors of Election Candidates

*(Originally published in April 2011– updated October 2016 to incorporate changes in terminology reflected in the CPA Code of Professional Conduct (the “CPA Code”))*

Members, including retirees, who are either chief financial officers for provincial election candidates, or official agents for federal election candidates (collectively referred to herein as ‘CFOs’), or auditors of these candidates, must be aware of some of implications of the *Bylaws, and the CPA Code of Professional Conduct (which includes Guidance on the rules)* in the *Member’s Handbook* that apply to these roles. Note that these implications are also relevant for those involved in a similar manner with riding associations, electoral districts, and political parties and campaigns.

#### CFOs

CFOs of election candidates may be the only people accountable in the campaign for financial matters. Members acting as CFOs need to be aware of the *Bylaws* and *the CPA Code* that apply to all members – whether active in the workplace, public practice, or retired. A few of the most commonly referred to ones are noted below – this list is **not** inclusive. A complete list can be found in the [Member’s Handbook](#).

**All** members have a requirement to:

- maintain the reputation of the profession (Rule 201);
- act with integrity and due care (Rule 202);
- maintain professional competence in all functions in which the member practises or is relied upon because of the member's calling (Rule 203);
- not be involved with false or misleading documents and oral representations (Rule 205); and
- perform professional services in accordance with generally accepted standards of practice of the profession – whether in the practice of public accounting; having responsibility for preparing or approving general purpose financial statements; or participating on an audit committee or board of directors (Rule 206).

#### Mandatory Continuing Professional Development

The requirements of *Regulation 4-5 Continuing Professional Development (CPD)* may be different for **retirees** involved in these roles from what they would ordinarily expect. Retired members are ordinarily exempt from meeting mandatory CPD requirements, unless they are providing a "Reliance Service," which is in an activity where it is reasonable to believe that another party is relying on the Member’s skills as a Chartered Professional Accountant, which per Regulation 4-5, s.1.3 includes (but is not limited) to a Member who is:

- serving on the board or governing body of a reporting issuer as defined in Rule 204; or
- serving on the board or governing body of a public interest entity;

- providing accounting services to the public; and
- providing other professional service(s) for which the Member is remunerated – and their gross annual revenue for such service exceeds \$25,000 (which is likely to be very rare for those involved in political activities, as most of these roles are undertaken on a volunteer basis).

A political party, riding association, and candidate’s campaign meets the following criteria of a ‘public interest entity’, which is defined in Regulation 4-5, s.1.1:

- There is a high degree of outside interest in the entity from large numbers of and diverse classes of stakeholders (which for political organizations could include donors, members of the political party, the general electorate, and others) and either:
  - The entity has a social responsibility because of the nature of its operations; or
  - The substantial majority of the entity’s stakeholders depend on financial reporting, as they have no other way of obtaining financial information about the entity.

It is also very important to note that a public interest entity includes a deposit-taking institution; and a not-for-profit organization, charity, foundation, hospital, health authority, publicly funded educational institution, social service agency or co-operative business enterprise **that has annual gross revenue greater than \$100,000.**

For details regarding the mandatory CPD requirements for retirees involved in public interest entities, refer to “[CPD Requirements](#)” area of the “Professional Development” section on [www.cpaontario.ca](http://www.cpaontario.ca).

### Auditors of Election Candidates

Members considering appointment as auditors of election candidates are reminded of the following in respect of licensing and independence considerations:

- Requirements for public accounting licenses for these audits vary according to the jurisdiction’s governing legislation.

<b>Guidelines</b>	<b>Output</b>	<b>How work determined</b>	<b>Reliance by others</b>	<b>Licence required</b>
Ontario Municipal Elections Act	Opinion	Auditor determines	Third party reliance	Yes
Ontario Election Finances Act	Opinion	Auditor determines	Third party reliance	Yes
Canada Elections Act	Opinion	Auditor determines	Third party reliance	No

- For information about independence requirements for audit appointments, refer to the following Guidance to the Independence Rule 204.20 **Audits under elections legislation**

The following publications have been prepared by CPA Ontario and CPA Canada to provide guidance to auditors:

- *Guidelines for Members Appointed as Auditors Under the Ontario Election Finances Act*
- *A Guide for the Auditor of a Candidate in a Federal Election Pursuant to the Canada Elections Act*
- *Guide for Auditors of Registered Electoral District Associations Appointed Under the Canada Elections Act*

These publications can be found in the [Technical Services](#) area of Firms/ATOs section on [www.cpaontario.ca](http://www.cpaontario.ca). Announcements will be made in *e-Brief* when updated versions are available.

Please contact a member or practice advisor at 416 962.1841 or 1 800 387.0735, ext. 4456 or e-mail [memberadvisory@cpaontario.ca](mailto:memberadvisory@cpaontario.ca) or [practiceadvisory@cpaontario.ca](mailto:practiceadvisory@cpaontario.ca) if you have any further questions.