

The Electoral Commission

Auditor's report template and explanatory notes for political parties that spend more than £250,000 at a Scottish Parliamentary election

About this guidance

If you are a registered political party and spend more than £250,000 campaigning at a Scottish Parliamentary election you must submit a report prepared by an independent qualified auditor – as defined by [section 160](#) of the Political Parties, Elections and Referendums Act 2000 (PPERA) – when you submit your campaign spending return.

Who is this guidance for?

This document is for the party preparing for the audit and for the auditor completing the report. It provides guidance for auditors and information for the party on how it should prepare for the process and what to expect from the report.

The template report provided at the end of this document sets out the minimum requirements for the auditor's report.

Explanatory notes

Campaign spending

Campaign spending is spending incurred by or on behalf of the party on certain activities to promote itself or its candidates, or criticise other parties, during the regulated period. This includes spending incurred by or on behalf of any registered accounting unit of the party. Any spending incurred by, or on behalf of the party, which promotes the party or any of its candidates in the regulated period is covered, unless that spending was reported in candidate return or a recall petition return.

Under [sections 75-78 of PERA](#), only the responsible officer registered with the Electoral Commission, their deputies, and people authorised in writing by the responsible officer can incur and pay for party campaign spending. There are also time limits by which the responsible officer must receive and pay invoices for campaign spending.

- All invoices must be received within 30 days of the election and paid within 60 days of the election. Invoices received or remaining unpaid after this deadline are known as unpaid and disputed claims respectively, and these must not be paid unless the party has obtained a court judgement or order to do so.

Under [section 72 of PPERA](#), this spending is called campaign expenditure. We refer to in our guidance as campaign spending, however we use the legal term in the return and the template report.

For more detailed information please see the [managing campaign spending](#) sections in our party spending guidance.

Campaign spending return

Under [section 80 of PPERA](#), the party's responsible officer must prepare a return in respect of campaign spending incurred by or on behalf of the party during the regulated period in any relevant part(s) of the United Kingdom.

The return provides transparency for voters on the money spent by political parties.

Notional spending

Where the party made use of an item or service that was provided or transferred to it and certain conditions are met, the full commercial value of what was used is treated as campaign spending. Under [section 73 of PPERA](#), this spending is called notional campaign expenditure, which we refer to in our guidance as notional spending.

The conditions for notional spending are met where the item or service was provided either free of charge, or at a non-commercial discount of more than 10%, and where the difference in value between the commercial rate and what is paid is over £200. The party must report notional spending in the campaign spending return alongside a declaration stating the value reported reasonably represents the use made of the item or service during the regulated period.

The party should make an honest and reasonable assessment of the commercial value of any notional spending required to be reported in the campaign spending return. Please see our [guidance for parties on notional spending](#) for more information on valuing and reporting notional spending.

Registered accounting units

Registered accounting units are branches of a registered party that are responsible for their own financial affairs and compliance with accounting and donations and loans controls under [Parts 3, 4 and 4A of PPERA](#). Each unit has a registered treasurer and second officer who are responsible for the unit's compliance. Please see [Changing your accounting units](#) for more information on how these are set up. Registering accounting units is optional.

Under [section 72 of PPERA](#), spending incurred by or on behalf of a party's registered accounting unit is regarded as spending incurred by or on behalf of the party. This means campaign spending by accounting units must be incurred and paid by either the responsible officer, their deputies, or those authorised in writing by the responsible officer as with all campaign spending.

Regulated period

The regulated period is the time when spending limits and laws apply in the lead-up to the election. The regulated period for Scottish Parliamentary elections is four months long, ending on polling day.

Please see our [party spending guidance](#) for more the specific dates of the regulated period.

Responsible officer

A party's registered treasurer is usually responsible for making sure that the party follows the rules on campaign spending. However, if a party has registered a campaigns officer, this person is responsible for campaign spending instead. In the guidance and in this document, we call the person responsible for campaign spending the 'responsible officer'.

The purpose of the auditor's report

The purpose of the auditor's report is to provide an opinion as to whether the campaign spending return is a materially complete and accurate representation of the campaign spending incurred by or on behalf of the party and has been prepared in accordance with PPERA.

Presentation and content of the report

The audit report should be attached to the campaign spending return.

It should provide an opinion as to whether:

- the campaign spending return is a materially complete and accurate representation of the spending incurred by or on behalf of the party, including notional spending [and spending by accounting units, if applicable]
- all campaign spending has been incurred and paid in accordance with the requirements of [sections 75-78 of PPERA](#)
- the return has been prepared in accordance with PPERA

What the party should expect from the audit

The auditor will need to carry out sufficient work to be satisfied that the campaign spending return is free from material misstatement. This work should include a review of the controls in place to ensure that all campaign spending has been properly recorded and has been included in the return. It will include testing to ensure that misstatements are identified.

What the auditor is entitled to

Under [section 44 of PPERA](#), the auditor:

- has a right of access at all reasonable times to the party's books, documents and other records
- is entitled to require from the responsible officer or any other officer of the party, or from any former responsible officer or officer of the party, such information and explanations as they think necessary for the performance of their duty as auditor.

Key systems

The auditor will examine the key systems of control employed by the party to ensure that spending is incurred and paid in accordance with PPERA. For example, this includes that

formal delegation of authority was set up, or that proof exists that spending has been incurred by a responsible officer. If the auditor is unable to verify that a material amount of spending has been incurred or paid in accordance with PPERA, they will give a qualified audit opinion.

Notional spending

The auditor should be aware of the reporting requirements for notional spending, and they will satisfy themselves that the declaration signed by the responsible officer reflects the requirements of PPERA. They will review the controls for identifying, valuing and reporting items of notional spending and, as far as can be reasonably expected, will satisfy themselves that all items of notional spending have been included in the return at a fair value and reasonably represent the use made by the party during the regulated period.

Please see our [party spending guidance on notional spending](#) for more information. To prepare for the audit, the party should ensure all valuation records and quotes received for notional spending are made available to the auditor. Similar consideration should be given to the completeness and value of incremental [overhead costs](#).

Accounting units

As part of examining the party's key systems, the auditor should ensure the party had systems in place to ensure spending incurred by or on behalf of accounting units was reported on the return and was authorised in accordance with PPERA.

Letter of engagement

The auditor should provide a letter of engagement that sets out the scope and nature of the work that will be carried out in order to form their audit opinion. The party should submit this letter of engagement to the Commission when it submits the campaign return and audit report.

Time frame and public inspection of report

The party must submit the completed campaign spending return and the auditor's report to us within 6 months of the date of the poll. Please see [our guidance](#) for the specific deadline.

The campaign spending return and auditor's report will be made available for public inspection.

How we can help

If you need help you can call us on 0333 103 1928 or contact us by email at pef@electoralcommission.org.uk.

Template auditor's report

[Name of the responsible officer], [Responsible officer],

[Name of the registered party] (the party)

We have examined the attached campaign expenditure return for the party's 20[xx] [relevant election] campaign, prepared by [name of responsible officer], under section 80 of the Political Parties, Elections and Referendums Act 2000 (PPERA).

It is our opinion that the campaign expenditure return prepared by [responsible officer] [is/is not] a materially complete and accurate representation of the party's campaign expenditure between [start of regulated period] and [date of election].

Respective responsibilities

The party's [responsible officer] is accountable for:

- Keeping proper accounting records for the registered party in respect of the [relevant election] campaign.
- Ensuring that the party's campaign expenditure was authorised in accordance with the requirements of section 75 of PERA.
- Completing the return of campaign expenditure incurred by or on behalf of the party between [start of regulated period] and [date of the election] in respect of the 20[xx] [relevant election], according to section 80 of PERA.
- Making reasonable judgements and estimates in determining the party's campaign expenditure.
- Confirming to the best of their knowledge and belief that the expenditure reported in the party's return is complete and correct.

It is our responsibility, as a qualified auditor, to report on the campaign expenditure return, under section 81 of PERA. Specifically, our objective is to provide an opinion on whether the campaign expenditure reported on the return is a materially complete and accurate representation of all relevant expenditure incurred, in accordance with the law.

We also provide our opinion on whether [responsible officer] has kept proper accounting records in respect of the party's campaign expenditure, if we have not received all the information and explanations we require for our examination, and details of the extent to which the audit was capable of detecting irregularities, including fraud.

Basis of our opinion

The nature of our examination is set out in our letter of engagement dated [insert date]. A copy has been provided to The Electoral Commission. We have reviewed the basis on which [responsible officer] has prepared the campaign expenditure return. This included

examination, on a test basis, of evidence relevant to the campaign expenditure incurred by or on behalf of the party in respect of the 20[xx] [relevant election]. We have also assessed the significant estimates and judgements made by the party's [responsible officer] in preparing the return.

We planned and performed our procedures so as to obtain all the information and explanations that we considered necessary to provide us with sufficient evidence to give a reasonable assurance that the campaign expenditure return is a materially complete and accurate representation of the party's campaign expenditure, in accordance with the law.

Opinion

In our opinion:

- the campaign expenditure return [is/is not] a materially complete and accurate representation of the campaign expenditure (including notional expenditure [and expenditure by accounting units]) incurred by, or on behalf of, the party between [start of regulated period] and [date of election] in respect of its 20[xx] [relevant election] campaign, in accordance with the law
- all campaign expenditure [has/has not] been incurred and paid in accordance with the requirements of sections 75-78 of PPERA
- We do not accept any duty of care or responsibility to The Electoral Commission in relation to our report and will not accept any liability or responsibility to any other third party to whom it is shown or into whose hands it may come.

[Signed and dated by the auditor]