

Office of the Auditor General of Prince Edward Island
Press Release

Charlottetown, PEI – The Office of the Auditor General of Prince Edward Island has tabled a Performance Audit Report – **Grant Funding to Non-Government Organizations** today, January 9, 2025.

The main highlights from this 2024 Report include:

Grant Funding to Non-Government Organizations - Highlights

Why we did this audit

- Non-government organizations (NGOs) often support many government functions including early childhood development, healthcare, and social services. NGOs are organizations that do not form part of the public sector; however, some rely heavily on government grants along with charitable contributions for their revenue.
- Government is responsible for taking appropriate measures to ensure that grant funding provided to NGOs is used as intended, especially given the important services many of these NGOs provide to Islanders.
- During the five-year period ending March 31, 2023, the Province significantly increased the amount of operating grant funding provided to NGOs, from \$15.2M in 2019 to \$52.9M in 2023. After removing the \$20.7M in temporary funding related to Post-Tropical Storm Fiona response programs, the Department of Social Development and Seniors (the Department) disbursed \$21.5M of the remaining \$32.2M in grant payments to NGOs in fiscal 2023.

Objective

- To determine whether the Department of Social Development and Seniors appropriately approved, disbursed, and monitored grant funding payments to non-government organizations.

Conclusion

- The Department of Social Development and Seniors did not always appropriately approve, disburse, and monitor grant funding payments to non-government organizations throughout the scope of our audit.

Audit Scope Period: April 1, 2022 to March 31, 2023

What we found

- Grant Funding Approval Process
- The Department had a policy and procedures document to provide guidance for employees on the process for funding NGOs. However, the policy did not provide employees with any guidance on
 - how to document the review and approval of grant applications;
 - how to monitor and evaluate the NGO's use of the grant funding; and
 - what corrective action should be taken if expected results are not achieved.
 - The Department could not provide sufficient documentation to support each grant funding application in accordance with its policies and procedures document.
 - There was no documentation maintained by the Department to support that the information submitted by NGOs was assessed prior to the approval of their grant funding application.
 - The Department received Treasury Board approval before signing the grant funding agreements for each of the nine annual operating grants in our sample with values greater than \$100,000.
 - We found an instance where an initial disbursement was made to an NGO on a five-year, \$250,000 funding commitment approved by the Deputy Minister that did not have Treasury Board approval or a funding agreement.

RECOMMENDATIONS (paragraphs 21, 28, 32, 37 & 38)

- Grant Payments
- The Department did not require all NGOs to submit financial and performance results as part of their grant funding agreements in accordance with applicable policies and best practices.
 - The terms of one grant funding agreement were not consistent with the Treasury Board approval.
 - We noted a few instances where payments were disbursed prior to grant funding agreements being signed and one instance where appropriate authorization of a payment was not obtained.

RECOMMENDATIONS (paragraphs 46, 48, 52 & 53)

- Grant Monitoring and Evaluation
- The Department did not receive financial and performance results from all NGOs in our sample in accordance with the terms of the grant funding agreements and best practices.
 - The Department could not provide documentation to support whether financial and performance results were received from NGOs in accordance with the timeframes of the grant funding agreements.
 - The Department did not document its assessment of any financial or performance results received from NGOs.

RECOMMENDATIONS (paragraphs 61, 62, 63 & 66)

This Report of the Office of the Auditor General of Prince Edward Island is available on our website at www.assembly.pe.ca/auditorgeneral.

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