



**Office of the Auditor General
Prince Edward Island**

Independent Assurance Report

**PEI Alliance
for Mental Well-Being**

July 2024



Prince Edward Island

Office of the
Auditor General

PO Box 2000, Charlottetown PE
Canada C1A 7N8

Île-du-Prince-Édouard

Bureau du
vérificateur général

C.P. 2000, Charlottetown PE
Canada C1A 7N8

Honourable Speaker and
Members of the Legislative Assembly
Province of Prince Edward Island

I have the honour of presenting this Report – PEI Alliance for Mental Well-Being on behalf of the Office of the Auditor General of Prince Edward Island to the Legislative Assembly.

Respectfully submitted,

Darren Noonan, CPA, CA
Auditor General

Charlottetown, Prince Edward Island
July 29, 2024

PEI Alliance for Mental Well-Being Highlights

Why we did this audit

- In the 2021 Speech from the Throne, Government committed to the establishment of the PEI Centre for Mental Well-Being, made up of representation from community partners engaged in the delivery of mental health services. The initiative was later renamed the Prince Edward Island Alliance for Mental Well-Being (the Alliance).
- In April 2022, the Department of Health and Wellness (the Department) entered into a funding agreement with the Alliance. A significant deliverable within the funding agreement was the *Focusing Action for Positive Change Grant Program* to provide funding to organizations for initiatives focused on helping to improve the mental well-being of individuals, families, and communities.
- As of March 31, 2023, the Department was authorized to spend up to \$7.8 million on this initiative, including operating expenditures incurred as part of planning efforts.
- The Alliance approved 46 applications and provided approximately \$5.35 million to community organizations through this grant program as of March 31, 2023.

Objectives

To determine whether

- the Department of Health and Wellness managed the grant funding provided to the PEI Alliance for Mental Well-Being in accordance with applicable policies; and
- the PEI Alliance for Mental Well-Being administered its grant program with effective processes and controls.

Conclusions

- The Department of Health and Wellness did not manage the grant funding provided to the PEI Alliance for Mental Well-Being in accordance with all applicable policies.
- The PEI Alliance for Mental Well-Being did not consistently administer its grant program with effective processes and controls.

Audit Scope Period: April 1, 2021 to March 31, 2023

What we found

Funding Agreement	<ul style="list-style-type: none"> ○ The funding agreement between the Department and the Alliance contained the required elements and was approved in accordance with Treasury Board policies. ○ Payments to the Alliance were appropriately authorized and made in accordance with the approved funding agreement.
Monitoring and Evaluation	<ul style="list-style-type: none"> ○ The Department could not provide documentation to support its review of any of the reports received from the Alliance. ○ There was approximately \$569,000 in unused funds as at March 31, 2023. The funding agreement did not stipulate what should happen in the event of unused funds and the Department indicated it didn't intend to follow up on these unused funds. ○ The business plan submitted to Treasury Board by the Department did not have performance measurement frameworks, including key performance indicators, for the Alliance or the grant program. <p>RECOMMENDATIONS (paragraphs 28, 29, 33 & 37)</p>
Grant Program Information	<ul style="list-style-type: none"> ○ The Alliance had documented guidelines for administering the grant program. ○ The information contained within the grant program guidelines used by the Alliance was consistent with grant program details approved by Treasury Board.
Application Assessment and Approval	<ul style="list-style-type: none"> ○ The Alliance did not document its assessment of applicant expenses; therefore, we could not conclude on whether all expenses were eligible in the applications tested. ○ A third peer review assessment was not always conducted as required by the Alliance's grant program guidelines. ○ <u>The Alliance did not retain all documentation to support the rationale for funding recommendations made to the Board.</u>
Grant Payments	<ul style="list-style-type: none"> ○ Grant payments were disbursed for the correct amount and paid to the appropriate party consistent with the terms of the funding agreement. ○ Cheques issued for grant payments were not signed in accordance with the Alliance's by-laws.
Project Monitoring and Evaluation	<ul style="list-style-type: none"> ○ The Alliance did not receive reports from all grant recipients tested in accordance with the timelines established in the funding agreements. ○ The Alliance had only documented its assessment of the reports submitted for six of the projects tested and did not document how issues identified were resolved.
Conflict-of-Interest	<ul style="list-style-type: none"> ○ The Alliance did not have a conflict-of-interest policy for employees, and the policy for peer reviewers did not require the disclosure of private interests. ○ Employees, peer reviewers or board members did not disclose their private interests. ○ Apparent conflicts-of-interest were identified for two board members which were not declared and documented in meeting minutes. <p>RECOMMENDATIONS (paragraphs 54, 59, 66, 67, 72, 77, 82, 83, 94, 95, 96, 97 & 103)</p>

PEI Alliance for Mental Well-Being

Why it's important

According to the Provincial Mental Health and Addictions Strategy, Prince Edward Island, and many other parts of Canada, are struggling to meet the increasing need for mental health and addiction services. Investing wisely in the overall mental health system, including mental health promotion, can make a significant impact on the health of the population.

The PEI Alliance for Mental Well-Being was established to assist government in promoting the mental health of Islanders. Grant funding was provided through taxpayer dollars, so it is important for government to ensure the public funds were used as intended.

BACKGROUND

1. In the 2021 Speech from the Throne, Government committed to the establishment of the PEI Centre for Mental Well-Being:

“And to ensure that attention to our mental health has parity with our physical health, my government will establish the PEI Centre for Mental Well-Being made up of representation from the many community partners engaged in the delivery of mental health services. The Centre will provide the government with the essential feedback and guidance to ensure that mental health services are responsive to the needs of the community.”

2. The Mental Health and Addictions Division (the Division) of the Department of Health and Wellness (the Department) was given responsibility for overseeing the development of the new initiative. In April 2021, the Department engaged a consulting firm to review the mental health and addiction services in PEI, and to assist in the planning of the PEI Centre for Mental Well-Being, including the development of
 - an implementation plan;
 - a draft position profile for the Executive Director;
 - a draft governance framework; and
 - other strategic advisory and coordination services.
3. In September 2021, an Executive Director was hired for the initiative who worked with the consulting firm to establish the governance processes as well as to develop and implement a grant program. The operating expenditures associated with this work were incurred directly by the Department in fiscal 2021-22.
4. In October 2021, the name of the initiative was changed from the PEI Centre for Mental Well-Being to the PEI Alliance for Mental Well-Being (the Alliance). The Alliance was incorporated as a non-profit organization on December 30, 2021. It was mandated by government, but the intent was for it to function independently to provide leadership, coordination, and communications related to mental well-being in PEI by:

- Developing, catalyzing, and disseminating with its partners, a dynamic and pragmatic ‘whole of PEI’ collaboration around a common vision of mental well-being.
 - Building relationships, consulting, and co-operating with and among governments, not-for-profit, academic, business, professional, and voluntary organizations in matters related to mental well-being.
 - Contributing to the effective understanding and knowledge mobilization around a common knowledge base to inform mental well-being actions.
 - Facilitating and contributing to the development and application of professional development and capacity building on mental well-being.
 - Promoting and assisting in the development of realistic and effective policies and programs aimed at improving mental well-being.
- Championing a comprehensive, ongoing communications approach to inform partners and all Islanders of collective efforts focused on mental well-being.
5. In April 2022, the Department entered into a funding agreement with the Alliance that was later amended, resulting in a total contract value of \$6.8 million. A significant deliverable within the funding agreement was the *Focusing Action for Positive Change Grant Program* (grant program). The funding agreement stated the Alliance will provide grants to organizations and initiatives that are focused on helping individuals, families, and communities build their mental well-being. **Exhibit 1** provides a summary of how the Department’s total authorized funding was allocated.

EXHIBIT 1
AUTHORIZED FUNDING
FISCAL 2021-22 AND 2022-23

FISCAL YEAR	OPERATIONS	GRANT PROGRAM	TOTAL
2021-22	\$1,000,000 ¹	\$3,300,000	\$4,300,000
2022-23	1,000,000	2,500,000	3,500,000
	\$2,000,000	\$5,800,000	\$7,800,000²

Source: Department of Health and Wellness

¹Operating expenditures of \$1,000,000 were included in the budget of the Department for fiscal 2021-22, but this does not reflect actual operational expenditures.

²A total of \$6,800,000 was provided directly to the PEI Alliance for Mental Well-Being for fiscal 2021-22 and 2022-23.

6. Based on grant program guidelines, funding was divided into four funding streams:

Enhanced Support Grants: Up to \$300,000 per recipient, paid out over three years to enhance existing programs, policies, and initiatives to build resilience and improve mental well-being.

Innovation Grants: One-time funding of up to \$50,000 per recipient, to develop and assess new approaches or new ideas that build resilience and improve mental well-being.

Creating Connections Grants: One-time funding of up to \$50,000 per recipient, for projects that develop new, or strengthen existing, connections and relationships across sectors. At least two organizations from different sectors must be co-applicants on the grant proposal.

Targeted Investment Grants: One-time funding of up to \$100,000 per recipient, for projects that hold potential to inform policy and/or system level change directed at advancing resilience by supporting responsive relationships, strengthening core life skills, or reducing sources of toxic stress.

7. From December 8, 2021 through to March 31, 2023, there were three opportunities for organizations to apply for grant funding from the Alliance; these were referred to as funding cycles. **Exhibit 2** provides an overview of each funding cycle, including the number of applications and total funding provided. **Appendix D** contains a detailed listing of recipients in each funding cycle.

**EXHIBIT 2
SUMMARY OF GRANT PROGRAM APPLICATIONS AND FUNDING
AS OF MARCH 31, 2023**

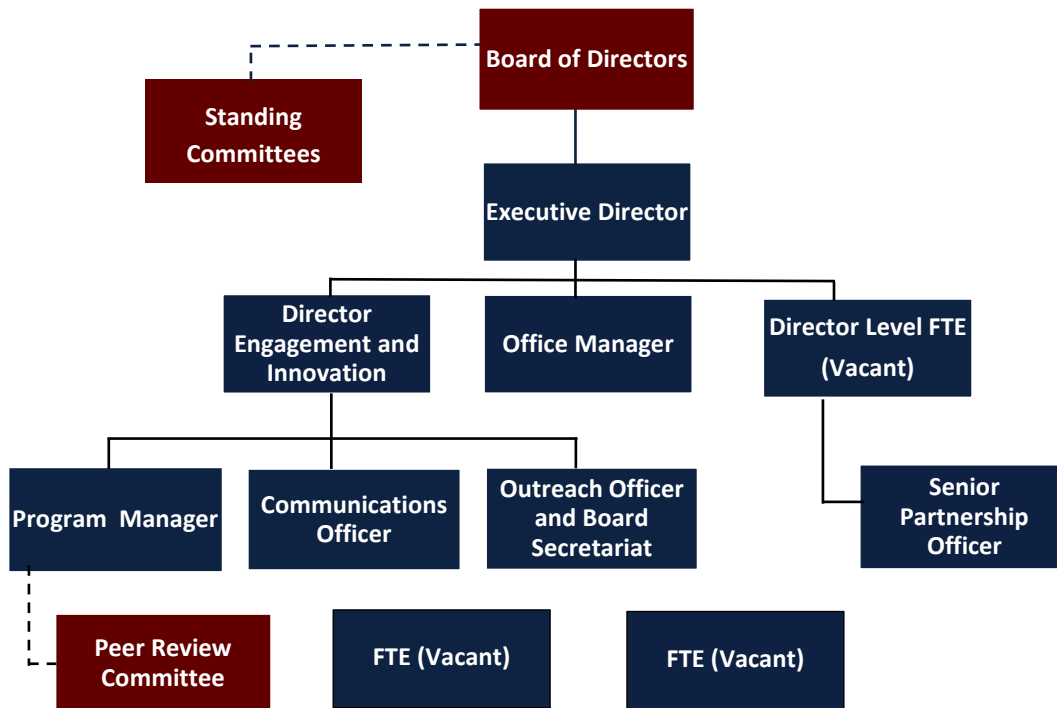
Funding Cycle	Application Submission Deadline	Funding Stream	# of Applications Received	# of Applications Approved	Funding Requested	Funding Approved	Budget Approved by Treasury Board
Cycle #1	Feb 18, 2022	Enhanced Support Grants	33	10	\$ 8,451,000	\$2,552,709	\$3,300,000
		Innovation Grants	18	13	703,000	473,519	
		Creating Connections Grants	6	3	208,000	132,868	
		Targeted Investment Grants	3	3	111,000	110,912	
		Total – Cycle #1	60	29	\$ 9,473,000	\$3,270,008	
Cycle #2	Sep 14, 2022	Innovation Grants	8	3	\$ 384,000	\$ 144,180	\$2,500,000
		Creating Connections Grants	8	4	342,000	197,340	
		Targeted Investment Grants	1	1	50,000	50,000	
		Total – Cycle #2	17	8	\$ 776,000	\$ 391,520	
Cycle #3	Feb 3, 2023	Enhanced Support Grants	35	8	\$ 8,042,000	\$1,638,200	
		Targeted Investment Grants	1	1	150,000	50,000	
		Total – Cycle #3	36	9	\$ 8,192,000	\$1,688,200	
Grand Total – Cycles #1 - #3			113	46	\$18,441,000	\$5,349,728	\$5,800,000

Source: Based on applicant listings provided by the PEI Alliance for Mental Well-Being and submissions provided to Treasury Board by the Department of Health & Wellness.

8. The Alliance is governed by a Board of Directors who are responsible to develop, implement, and monitor policies as well as take actions and make decisions to ensure that there are sufficient and appropriate resources for the Alliance to accomplish its work. All grant funding decisions must be approved by the Board. The Board is comprised of a Chair, Vice-Chair and seven Directors who all may also be appointed to serve on standing committees that report to the Board.

9. As of March 31, 2023, the Alliance had seven full-time employees, with three additional vacant positions. The grant program was administered with the support of a Peer Review Committee, comprised of community representatives, who were responsible for assessing applications. **Exhibit 3** provides an overview of the Alliance’s organizational structure.

**EXHIBIT 3
PEI ALLIANCE FOR MENTAL WELL-BEING
ORGANIZATIONAL STRUCTURE
AS OF MARCH 31, 2023**



Source: PEI Alliance Semi-Annual Report for the period ended March 31, 2023

AUDIT OBJECTIVES AND SCOPE

10. The objectives of this independent assurance engagement were to determine whether:
 - the Department of Health and Wellness managed the grant funding provided to the PEI Alliance for Mental Well-Being in accordance with applicable policies; and
 - the PEI Alliance for Mental Well-Being administered its grant program with effective processes and controls.
11. This report summarizes the results of our audit work for the scope period of April 1, 2021, through March 31, 2023 and includes **4 recommendations** to the Department of Health and Wellness, and **13 recommendations** to the PEI Alliance for Mental Well-Being which are listed in **Appendix A**. Details on the audit standards, objectives, and scope of our audit work are included in **Appendix B**, and the audit criteria are included in **Appendix C**. The following sections of our report provide information on the findings and conclusions of our audit.

OBSERVATIONS AND RECOMMENDATIONS

GRANT FUNDING PROVIDED TO THE PEI ALLIANCE FOR MENTAL WELL-BEING

Summary of Findings

12. The funding agreement between the Department and the Alliance contained the required elements and was approved in accordance with Treasury Board policies.
13. Payments to the Alliance were appropriately authorized and made in accordance with the approved funding agreement.
14. The Department received semi-annual progress reports from the Alliance in accordance with the requirements of the funding agreement. However, the audited financial statements of the Alliance were received after the reporting deadline and the Department could not provide documentation to support it reviewed any of the reports received.
15. Approximately \$569,000 of the \$6,800,000 provided to the Alliance remained unused at March 31, 2023 (the end of the funding period). The funding agreement did not specify what should happen in the event of unused grant funding and the Department indicated it did not intend to follow up on these unused funds.
16. The business plan submitted to Treasury Board by the Department did not have performance measurement frameworks, including key performance indicators, for the Alliance or the grant program.
17. On April 4, 2022, the Department entered into a funding agreement with the Alliance. The initial \$6.3 million contract was amended on March 10, 2023, increasing the funding provided to the Alliance by \$500,000 and resulting in a total contract value of \$6.8 million. The effective term of the funding agreement was from March 9, 2022, to

Funding Agreement

March 31, 2023. A subsequent agreement was signed with an effective term of April 1, 2023 to March 31, 2024. This agreement was not included in the scope of our audit.

18. Section 13.02 of Treasury Board Policy outlines various requirements for the approval of funding agreements, including
- all agreements with a value greater than \$250,000¹ must be approved by Treasury Board; and
 - Treasury Board approval must be obtained prior to the agreement being signed and the funds being disbursed.

Funding agreement in accordance with Treasury Board policies

19. As part of our audit, we looked to determine whether the funding agreement was approved in accordance with Treasury Board policies. We found that the Department received Treasury Board approval before signing the funding agreement, and again before approving amendments to increase the funding. The Treasury Board approvals were obtained by the Department prior to disbursing payments to the Alliance.
20. Section 13.08 of Treasury Board Policy also requires funding agreements to include the following terms
- a clear statement of work;
 - the amount, terms and timing of payments;

- reporting requirements; and
- the availability of records for audit.

21. We reviewed a copy of the signed funding agreement and found that it contained these required elements in accordance with Treasury Board policies.

Payments made in accordance with the funding agreement and Treasury Board policy

22. The payment terms contained within the funding agreement clearly outlined the amount and timing of payments to the Alliance. These included
- a payment of \$3.3 million for the grant program in the fiscal year ending March 31, 2022;
 - two, \$1 million installments, for the grant program in the fiscal year ending March 31, 2023;
 - quarterly installments up to a maximum of \$1 million to support the Alliance's operations in the fiscal year ending March 31, 2023; and
 - an additional payment of \$500,000 based on an amendment approved in March 2023.
23. We looked to determine whether payments to the Alliance were appropriately authorized, made in the correct amount, to the correct payee, and in accordance with the approved funding agreement. No issues were found.

¹At the beginning of our scope period, all agreements in excess of \$100,000 required Treasury Board approval. In December 2022, this amount was increased to \$250,000.

Monitoring and Evaluation

24. The terms of the funding agreement required the Alliance to provide the Department with progress reports on a semi-annual basis. These reports were to include the following information specific to the grant program
- the grant program criterium;
 - the application assessment process;
 - a listing of all applicants;
 - the number of recipients and amounts received; and
 - the number of writing workshops held for potential applicants.
25. The Alliance was also required to submit audited financial statements to the Department within 120 days of its fiscal year-end.

No documentation to support the Department reviewed progress reports

26. We found that the Alliance provided the Department with semi-annual progress reports in accordance with the requirements of the funding agreement. We also found that the audited financial statements of the Alliance for the periods ending March 31, 2022, and March 31, 2023, were received by the Department. However, they were not received in accordance with the timelines established in the funding agreement. The Department could not provide documentation to support when the audited financial statements were received from the Alliance, but both audit reports were dated approximately six weeks after the reporting deadline.

27. Although the Department received progress reports from the Alliance, it could not provide documentation to show any of the reports were reviewed. It is important for the Department to receive this progress information on a timely basis as well as document its review of the reports received. This would assist the Department in determining whether the intended results of the funding were achieved. It would also allow the Department to identify areas for improvement, and any issues requiring follow-up action.

Recommendations

28. The Department of Health and Wellness should obtain audited financial statements from the PEI Alliance for Mental Well-Being in accordance with the timelines established in the funding agreement.

29. The Department of Health and Wellness should document its review of progress reports received from the PEI Alliance for Mental Well-Being.

30. In March 2023, the Department amended the funding agreement to provide the Alliance with an additional payment of \$500,000. The Department's submission to Treasury Board indicated the request for increased funding was based on the high volume of applications received by the Alliance for the third funding cycle, and the additional funds would allow the Alliance to provide support to more organizations.
31. The amended agreement stated the \$500,000 was "to amplify the Alliance's core activities to foster a collective approach for

improving the mental well-being of Islanders.” Unlike the original agreement, the amendment did not specify whether the additional payment was intended to provide further support for the Alliance’s operations or the grant program. For the purposes of our audit, we analyzed the use of additional funds by the Alliance based on the submission that was made to Treasury Board by the Department.

repay unused funds to the Department, or for the amount to be deducted from the subsequent funding agreement. Although Treasury Board Policy does not address how to handle the issue of unused funds, best practices recommend stipulating how to handle these funds within funding agreements. The Department informed our Office they did not intend to follow up with the Alliance regarding the unused funds.

Agreement did not contain clause for unused funds

32. At the end of the funding agreement term, the Alliance retained a total of \$569,000 in unused funding as shown in Exhibit 4. Neither the original nor the amended agreement contained a clause requiring the Alliance to

Recommendation

33. The Department of Health and Wellness should add a clause to its funding agreement with the PEI Alliance for Mental Well-Being regarding procedures for unused funds.

**EXHIBIT 4
RECONCILIATION OF FUNDING
AS AT MARCH 31, 2023**

	Funding Provided	Funding Used	Unused Funds
Grant Program – Fiscal 2021-2022	\$3,300,000	\$3,270,000	\$ 30,000
Grant Program – Fiscal 2022-2023	2,500,000	2,080,000	420,000
Operating Expenses – Fiscal 2022-2023	1,000,000	881,000	119,000
Total	\$6,800,000	\$6,231,000	\$569,000

Source: Reconciliation performed by the Office of the Auditor General

No performance measurement framework in place

34. Treasury Board policies require that a performance measurement framework, including program objectives, performance indicators, and expectations, be developed for all grant programs and new government initiatives. These frameworks should be

included within Treasury Board submissions to clearly identify the performance information to be collected, and how it will be used to assess actual results in relation to the objectives.

- 35. While the business plan that was included in the submission to Treasury Board included objectives for the Alliance, it did not provide any direction on how performance against those objectives would be measured.
- 36. A framework should be established as part of the planning process for new programs to allow the Department to evaluate the impact of the funding provided to organizations such as the Alliance. The lack of a framework also impacts the Alliance’s ability to objectively evaluate applications for grant funding to determine what projects are in line with its objectives.
- 40. The Alliance did not document its assessment of applicant expenses. Therefore, we could not conclude on whether all expenses were eligible in the applications tested.
- 41. A third peer review assessment was not always completed in accordance with grant program guidelines.
- 42. There was a lack of documentation to support the rationale for funding recommendations made to the Board for approval.
- 43. Grant payments tested were disbursed for the correct amount and paid to the appropriate party consistent with the terms of the funding agreement. However, cheques issued for grant payments were not signed in accordance with the Alliance’s by-laws.
- 44. The Alliance did not receive reports from all grant recipients tested in accordance with the timelines established in the funding agreement.

Recommendation

37. The Department of Health and Wellness should develop a performance measurement framework, including specific performance indicators and expectations, for the grant funding provided to the PEI Alliance for Mental Well-Being.

GRANT PROGRAM ADMINISTERED BY THE PEI ALLIANCE FOR MENTAL WELL-BEING

Summary of Findings

- 38. The Alliance had documented guidelines for administering the grant program.
- 39. The information contained within the grant program guidelines used by the Alliance was consistent with grant program details approved by Treasury Board.

- 45. The Alliance only documented its assessment of the reports received for six of the projects tested.
- 46. The Alliance could not provide support that requested documentation was received for two projects where issues were identified.

Grant Program Information

- 47. During fiscal 2021-22, the Department worked with the Executive Director of the

Alliance, and a consulting firm, to develop the *Focusing Action for Positive Change Grant Program* (grant program). The following grant program details were approved by Treasury Board:

- program objectives;
- eligibility criteria;
- project funding limits; and
- the overall grant program budget.

Documented guidelines existed for administering the grant program

48. We found that the Alliance had documented guidelines for administering the grant program. These included grant application guides for each cycle, a report review procedure document, and a peer reviewer orientation and training manual, among other things. We are using the term guidelines throughout the rest of this report to refer to this collective group of documents.

49. We reviewed the grant program guidelines used by the Alliance and found that the information contained within the documents was consistent with the details approved by Treasury Board. These documents outlined various items including

- applicant and expense eligibility criteria;
- processes for reviewing and approving applications; and
- how projects will be monitored and evaluated.

Application Assessment and Approval

50. Eligible applicants for the grant program had to be a PEI-based, not-for-profit, community, or charitable organization. Eligible expenses included the following

- training and professional development;
- convening meetings and events, including facility rentals and remote meeting costs;
- transportation;
- research and evaluation activities;
- promotional and marketing activities directly related to the project;
- reasonable overhead, capital, and infrastructure costs directly related to the project to a maximum of 10 percent of the total grant; and
- cost associated with the grant's financial reporting requirements.

51. Wages and other consulting fees were also eligible expenses if they were needed for tasks that did not already fall within an existing staff member's role, were critical to the success of the project, and required additional time. Expenses incurred prior to the grant application date, prizes, bursaries, individual conference attendance, and activities that did not deliver on the objectives of the project were not eligible.

52. We tested a total of 24 approved, and 18 denied applications, for the first three funding cycles. See **Exhibit 5** for a breakdown of the number of projects and funding tested per cycle.

EXHIBIT 5
SUMMARY OF APPLICATIONS TESTED
FUNDING CYCLES 1, 2 AND 3

Cycle	Description	Approved Applications			Denied Applications		
		#	Amount	% tested (\$)	#	Amount	% tested (\$)
#1	Tested	15	\$ 2,037,000	62%	8	\$ 2,031,000	33%
	Not Tested	14	1,233,000		23	4,172,000	
	Subtotal	29	\$ 3,270,000		31	\$ 6,203,000	
#2	Tested	4	\$ 198,000	51%	4	\$ 182,000	47%
	Not Tested	4	194,000		5	203,000	
	Subtotal	8	\$ 392,000		9	\$ 385,000	
#3	Tested	5	\$ 900,000	53%	6	\$ 1,305,000	21%
	Not Tested	4	788,000		21	4,793,000	
	Subtotal	9	\$ 1,688,000		27	\$ 6,098,000	
Grand Total		46	\$ 5,350,000		67	\$ 12,686,000	
Total Tested		24	\$ 3,135,000	59%	18	\$ 3,518,000	28%

Source: Compiled by PEI Office of the Auditor General

The Alliance did not retain documentation to support its assessment of expense eligibility

53. We reviewed the documentation submitted with each application and found that all 24 approved, and 18 denied, applications tested were from eligible applicants and the required documentation was submitted before the application deadline. However, the Alliance did not document its assessment of expenses; therefore, we could not conclude whether all expenses were eligible. This documentation is important to support that expenditures were not made before the application date and that funding for wages was eligible.

Recommendation

54. The PEI Alliance for Mental Well-Being should document its assessment of expense eligibility for each applicant.

55. The Alliance formed a Peer Review Committee to assess grant applications. Each application was required to be assessed by two members of the Peer Review Committee using the following criteria:

- Alignment – An assessment of the project’s alignment with the objectives of the grant program.
- Feasibility – An assessment of the project’s design, implementation plan, the experience of Project Leads, and whether the estimated budget was well justified.

- **Potential Impact** – An assessment of the project’s evaluation plan including its potential for future growth, and if its benefits will be sustained.

56. As part of their assessment, peer reviewers were required to assign scores for each of the three assessment criteria based on the scoring tables presented in **Exhibit 6**. An average of the scores was calculated to arrive at the overall assessment score.

**EXHIBIT 6
PEER REVIEWER SCORING TABLES**

	Scoring Range		Funding Status
	Cycle 1	Cycles 2 & 3	
Outstanding	4.5-4.9	90-100	Funding-Ready
Excellent	4.0-4.4	80-89	
Good	3.5-3.9	70-79	
Fair	3.0-3.4	60-69	Not Yet Funding-Ready
Poor	0.0-2.9	0-60	

Source: PEI Alliance for Mental Well-Being

57. Based on program guidelines, applicants with a significant difference between peer reviewer scores, or who received scores close to the funding-ready threshold, should have been selected for an additional assessment and assigned to a third peer reviewer. In the first funding cycle, the Alliance defined a difference of one between scores as significant. In the second and third funding cycles, a difference of 20 between scores was considered significant. The Alliance did not define what was considered a score close to the funding-ready threshold.

required by the Alliance’s guidelines as shown in **Exhibit 7**.

**EXHIBIT 7
SUMMARY OF AUDIT TESTING RESULTS
APPLICATIONS REQUIRING THIRD ASSESSMENT**

	Third Assessment Required	Third Assessment Not Conducted
Approved	8	4
Denied	9	2

Not all applications received a third peer review when required

58. We found that all 24 approved, and all 18 denied, applications tested were assessed by two peer reviewers in accordance with the grant program guidelines. However, we found in the first funding cycle a third assessment was not always completed as

Recommendation

59. The PEI Alliance for Mental Well-Being should complete a third peer review assessment when required in accordance with grant program guidelines.

60. In accordance with grant program guidelines, we expected a listing of all funding-ready applications to be presented to the Board for

consideration. We also expected all decisions in the selection process to be documented, including any departures from the approved eligibility criteria or departures from the recommendations made by the peer reviewers.

Lack of documentation to support funding recommendations to Board

61. For the first funding cycle, all funding-ready files were ranked based on the peer reviewer assessment scores. We found that the Board was not provided with a complete listing of funding-ready projects.
62. The listing provided to the Board included funding recommendations made by Alliance staff based on the available funding and the highest-ranked projects; however, we noted two highly ranked applications were not included in this listing. The Alliance did not have documentation to support that the Board approved the exclusion of these projects.
63. For the second and third funding cycles, an Executive Committee (Committee) of the Board was responsible to make a recommendation to the entire Board regarding which applications it recommended to fund. A listing of all funding-ready applications was still expected to be provided to the entire Board.
64. For the second funding cycle, the listing provided to the Board included all 14 funding-ready applications. Of those, the Committee recommended the Board approve eight projects. However, for the third funding cycle the listing provided to the Board only included nine of the 31 funding-ready

applications, which were those the Committee recommended to the Board to fund.

65. We requested a copy of the Executive Committee's meeting minutes to support its funding recommendations. However, we found there were no minutes kept for the Committee, and therefore there was no documentation to support the rationale for the funding recommendations submitted to the Board.

Recommendations

66. The PEI Alliance for Mental Well-Being should retain all documentation to support the rationale for funding recommendations.

67. The PEI Alliance for Mental Well-Being should provide the Board of Directors with a listing of all funding-ready applications.

Grant Payments

68. Once a grant is offered to successful applicants, the terms and conditions of the funding should be formalized in a funding agreement. The funding agreements should outline:
 - a clear statement of work;
 - the amount, terms, and timing of payments;
 - reporting requirements; and
 - the right for the Alliance to audit the records of approved applicants.

Funding agreements contained required terms and conditions

69. We found there was a signed funding agreement between the Alliance and all 24 approved applicants tested. These agreements contained all of the above required terms and conditions.
70. We expected that the cheques issued by the Alliance for grant payments would be paid in the correct amount, and to the correct payee. We also expected the cheques be signed by two of the three authorized individuals in accordance with the requirements of the by-laws. The Alliance's by-laws identify the Board Chair, Vice-Chair, and Secretary/Treasurer as those within the organization who have been authorized to disburse funds.

Grant payments were not appropriately authorized in accordance with the Alliance's by-laws

71. We reviewed one grant payment made to each of the funding recipients tested and found all 24 payments were for the correct amount and paid to the appropriate party consistent with the terms of the funding agreement. However, when we reviewed the signatures on cancelled cheques, we found none were signed in accordance with the Alliance's by-laws.

Recommendation

- 72. All payments made by the PEI Alliance for Mental Well-Being should be signed by two authorized individuals in accordance with its by-laws.**

Project Monitoring and Evaluation

73. The funding agreements outlined various project reporting requirements and timelines for each grant recipient. All grant recipients were required to submit a final report outlining the results achieved by the project, and a financial report detailing the actual use of grant proceeds within 60 days of the project completion date, or as otherwise directed by the Alliance. Depending on the term of the funding agreement and approved project timelines, some organizations were also required to submit progress reports annually until the project was completed.
74. We requested a copy of all reports submitted to the Alliance for the projects we tested to determine whether they were received in accordance with the terms of the funding agreement.

Required reporting not always received in accordance with timelines established in funding agreements

75. As of April 24, 2024, we expected the Alliance to have received a progress report or a final report for 23³ of the 24 grant recipients in our sample. We found that 5 grant recipients did not submit reports in accordance with the timelines established in the grant funding

³ One grant recipient was not due to report until July 2024.

agreements; two of which were progress reports and three were final reports.

76. It is important for the Alliance to receive these reports in accordance with the timelines established in the funding agreements so it can assess whether the grant recipients used the funding as intended and to identify any issues requiring follow-up action.

Recommendation

77. The PEI Alliance for Mental Well-Being should obtain project reports in accordance with the timelines established in the funding agreements.

Alliance only documented its review of reports submitted for six of the projects tested

78. Based on the grant program guidelines, each report received from grant recipients should be assessed based on the implementation plan and budget approved as part of the original application. As part of their work, Alliance staff were required to highlight concerns, such as deviations from the plan and unused grant funds. We found that the Alliance only documented its assessment of reports submitted for six of the projects tested.
79. During its assessment of project reports, the Alliance identified concerns related to unused funds for two of these six projects. The terms outlined within the funding agreements specified that grant proceeds could only be used for the approved project, and that any unused funds should be returned to the Alliance.

No documentation to support how issues were resolved

80. Instead of collecting the unused funds, the Alliance requested both organizations to submit a revised budget outlining how the unused funds would be used to support the project. A holdback was placed on future grant funding installments. In both cases, the full funding amounts were later paid but the Alliance could not provide documentation outlining how the unused funds would be used to support the project.
81. It is important for the Alliance to assess each approved project's use of grant proceeds in relation to the funding agreements. Documented assessments of project reports would provide support that the Alliance was satisfied that grant funding had been used for its intended purposes.

Recommendations

82. The PEI Alliance for Mental Well-Being should review and document its assessment of all reports in accordance with grant program guidelines.

83. The PEI Alliance for Mental Well-Being should retain documentation to support that issues identified from its assessment of reports have been resolved.

CONFLICT-OF-INTEREST

Summary of Findings

84. The Alliance did not have a conflict-of-interest policy for employees.

85. The Alliance’s conflicts-of-interest policy for peer reviewers did not include a requirement to submit an annual conflict-of-interest declaration disclosing their private interests.
86. No annual conflict-of-interest declarations were submitted from employees, peer reviewers or board members disclosing their private interests.
87. Apparent conflicts-of-interests identified for two Alliance board members were not declared and documented in meeting minutes.
-
88. As part of our audit testing, we identified apparent conflicts-of-interest with some members of the Board of Directors, so we completed work to examine the conflict-of-interest processes of the PEI Alliance for Mental Well-Being. However, given the nature of this testing, we cannot be certain that all conflicts have been identified.
89. A conflict-of-interest is a conflict between the private interests and the official responsibilities of a person in a position of trust. An apparent conflict-of-interest is a situation that could be perceived as a conflict-of-interest by a reasonable observer to exist, whether or not that is the case.
90. Private interests include personal, financial, or business interests, of the individual or of someone the individual is closely associated with such as a spouse, other close family member, or friend. Disclosing private interests is an important tool to identify and prevent conflicts-of-interest.

Gaps in conflict-of-interest policies and documentation

91. We expected the Alliance to have documented conflict-of-interest policies and processes that provide guidance on how to identify and disclose situations that may compromise the impartiality of employees, peer reviewers, and board members. We also expected the Alliance to require all employees, peer reviewers, and members of the Board of Directors to sign an acknowledgement stating they have read and understand the conflict-of-interest policy. Further, we expected all employees, peer reviewers, and board members to annually disclose their private interests given that:
- the Alliance was 100 percent funded by Government; and
 - the Alliance approved 46 applications and provided approximately \$5.35 million to community organizations through the grant program to March 31, 2023.
92. **Exhibit 8** summarizes significant gaps found in the conflict-of-interest policies and related documentation retained by the Alliance from employees, peer reviewers, and board members.

**EXHIBIT 8
SUMMARY OF AUDIT FINDINGS
CONFLICT-OF-INTEREST POLICIES AND
DOCUMENTATION**

	Conflict-of-Interest-Policy	Conflict-of-Interest Policy Acknowledgement on file	Requirement to Disclose Private Interests	Disclosure of Private Interests on File
Employees	X	X	X	X
Peer Reviewers	✓	✓	X	X
Board of Directors	✓	✓	✓	X

93. It is important for grant program administrators, like the Alliance, to appropriately manage conflicts-of-interest. Having documented policies which provide guidance on how to identify and disclose situations that may compromise the impartiality of employees, peer reviewers and board members are a key factor in managing conflicts-of-interest.

Recommendations

94. The PEI Alliance for Mental Well-Being should implement a conflict-of-interest policy for employees, and require employees to document they have read and understand the policy.

95. The PEI Alliance for Mental Well-Being should require employees to sign an annual conflict-of-interest declaration disclosing their private interests.

96. The PEI Alliance for Mental Well-Being should require peer reviewers to sign an annual conflict-of-interest declaration disclosing their private interests.

97. The PEI Alliance for Mental Well-Being should obtain an annual conflict-of-interest declaration from each Board member disclosing their private interests.

Alliance board members did not declare conflicts-of-interest

98. The Alliance's conflict-of-interest policy for the Board of Director's requires each board member to disclose any possible conflicts-of-interest as they arise, including at the beginning of each board meeting, following approval of the agenda. The policy requires

any board member with a conflict-of-interest to remove themselves from the room for discussion of the agenda item and not discuss or vote on the issue.

99. We identified four instances where we expected board members would have declared a conflict and would have removed themselves from discussions of an agenda item as required by policy. In two of these instances, we found that the policy was followed, but we found issues with the remaining two instances.

100. In one instance, a board member was a founder of an organization that was awarded funding for two projects as part of the first funding cycle. We confirmed that the individual was no longer an active volunteer with the organization; however, given the significance of their prior involvement, we determined that a reasonable observer could perceive that the organization was provided with an unfair advantage in the decision-making process. The Board member did not declare their conflict or remove themselves from the discussions to award this organization funding.

101. In the second instance, we found that another board member's spouse held a position on the Board of Directors of an organization that was awarded funding as part of the second funding cycle. Although, this member did not attend the board meeting when the project was approved for funding, they were also a member of the Executive Committee which recommended the project be approved for funding to the Board. As previously noted, there were no minutes kept for the Executive Committee, therefore we were unable to confirm

whether this board member was involved in the decision to fund this organization.

102. Conflict-of-interest declarations are an important way to protect the reputation of the Alliance, and the grant program, by actively safeguarding against ethical risks and ensuring that documentation is available for the Alliance to demonstrate the fairness and transparency of its decision-making process. The transparency of board members is especially important given they are the final decision-makers for the grant funding approvals of the Alliance.

Recommendation

103. Members of the PEI Alliance for Mental Well-Being Board of Directors should declare all conflicts-of-interest. These declarations should be recorded in meeting minutes, and board members should remove themselves from any discussions related to the conflict.

CONCLUSIONS

104. The Department of Health and Wellness did not manage the grant funding provided to the PEI Alliance for Mental Well-Being in accordance with all applicable policies. Weaknesses were identified in the Department's monitoring and evaluation processes of the funding agreement. These included

- The Department could not provide documentation to support it reviewed the progress reports received from the Alliance.
- The funding agreement did not stipulate what should happen in the event of

unused funds. There was approximately \$569,000 in unused funds as at March 31, 2023, and the Department indicated it did not intend to follow up on these unused funds.

- The business plan submitted to Treasury Board by the Department did not have performance measurement frameworks, including key performance indicators, for the Alliance or the grant program.

105. The PEI Alliance for Mental Well-Being did not consistently administer its grant program with effective processes and controls. Weaknesses were identified in the following areas:

- The Alliance did not document its assessment of applicant expenses; therefore, we could not conclude on whether all expenses were eligible in the applications tested.
- A third peer review assessment was not always completed as required by the Alliance's grant program guidelines.
- The Alliance did not retain all documentation to support the rationale for funding recommendations.
- Cheques issued for grant payments were not signed in accordance with the Alliance's by-laws.
- The Alliance did not receive reports from all grant recipients tested in accordance with the timelines established in the funding agreements.
- The Alliance had only documented its assessment of the reports submitted for six of the projects tested, and did not document how issues identified were resolved.

106. We also identified issues with the Alliance's conflict-of-interest practices. We noted the following significant weaknesses:

- The Alliance did not have a conflict-of-interest policy for employees.
- The Alliance's conflict-of-interest policy for peer reviewers did not include a requirement to submit an annual conflict-of-interest declaration disclosing their private interests.
- Disclosures of private interests were not on file for employees, peer reviewers, or board members.
- Apparent conflicts-of-interest identified for two Alliance board members were not declared and documented in meeting minutes.

RECOMMENDATIONS TO THE DEPARTMENT OF HEALTH AND WELLNESS

RECOMMENDATIONS*	DEPARTMENT RESPONSE
<p>Recommendation 28 The Department of Health and Wellness should obtain audited financial statements from the PEI Alliance for Mental Well-Being in accordance with the timelines established in the funding agreement.</p>	<p>The Department agrees with this recommendation and will work with the Alliance to ensure audited financial statements are received in accordance with the timelines established.</p> <p><u>Timeline:</u> The next funding agreement.</p>
<p>Recommendation 29 The Department of Health and Wellness should document its review of progress reports received from the PEI Alliance for Mental Well-Being.</p>	<p>The Department agrees with this recommendation and is developing a process to document its review of progress reports received.</p> <p><u>Timeline:</u> The process will be in place for the receipt of the next progress reports.</p>
<p>Recommendation 33 The Department of Health and Wellness should add a clause to its funding agreement with the PEI Alliance for Mental Well-Being regarding procedures for unused funds.</p>	<p>The Department agrees with this recommendation and is currently working on wording regarding procedures for unused funds.</p> <p><u>Timeline:</u> New wording will be added to the next funding agreement with the Alliance.</p>
<p>Recommendation 37 The Department of Health and Wellness should develop a performance measurement framework, including specific performance indicators and expectations, for the grant funding provided to the PEI Alliance for Mental Well-Being.</p>	<p>The Department agrees with this recommendation and is currently working on the development of a performance measurement framework which ties together the Alliance’s own evaluation framework and Government’s Mental Health and Addiction’s strategy. This framework will include specific performance indicators and expectations, for the grant funding provided.</p> <p><u>Timeline:</u> The performance measurement will be part of the next funding agreement with the Alliance.</p>

RECOMMENDATIONS TO THE PEI ALLIANCE FOR MENTAL WELL-BEING

RECOMMENDATIONS*	MANAGEMENT RESPONSE
<p>Recommendation 54 The PEI Alliance for Mental Well-Being should document its assessment of expense eligibility for each applicant.</p>	<p>The PEI Alliance for Mental Well-Being acknowledges the need for thorough documentation of expense eligibility assessments for each applicant. Historically, our approach has been to evaluate expense eligibility based on exceptions rather than explicitly listing acceptable or reasonable expenses. This method allowed us to address unique and unforeseen circumstances on a case-by-case basis, ensuring flexibility and responsiveness to the diverse needs of our applicants.</p> <p>However, in our recent funding cycle, our review processes for applicant expenses were updated to reflect a stepped approach to assess eligibility and are now noted as meeting criteria, do not meet criteria, or require further information.</p> <p>Timeline: Already complete</p>
<p>Recommendation 59 The PEI Alliance for Mental Well-Being should complete a third peer review assessment when required in accordance with grant program guidelines.</p>	<p>The PEI Alliance for Mental Well-Being recognizes the necessity of completing third peer review assessments as recommended by grant program guidelines. In instances where the need for a third review was clear-cut, we ensured these assessments were conducted as mandated, maintaining the consistency and thoroughness of our review process. However, there were discretionary cases where reviewers determined the necessity of a third review, and in some of these instances, the third reviews were not completed.</p> <p>However, to improve our process, we updated our Peer Review procedures in Cycle 2 and Cycle 3 to remove the requirement for a third assessment. By Cycle 4, the Peer Review process was further enhanced resulting in the removal of a third assessment by Peer Reviewers in its entirety. By refining our guidelines and clarifying the criteria for assessment, we ensure that all applications are reviewed fairly and consistently without the ambiguity that previously existed. The changes enhance the rigor and integrity of our grant evaluation process, support Peer Reviewers in their assessment role, and align with our commitment to transparency and accountability.</p> <p>Timeline: Already complete</p>

RECOMMENDATIONS TO THE PEI ALLIANCE FOR MENTAL WELL-BEING

RECOMMENDATIONS*	MANAGEMENT RESPONSE
<p>Recommendation 66 The PEI Alliance for Mental Well-Being should retain all documentation to support the rationale for funding recommendations.</p>	<p>The PEI Alliance for Mental Well-Being acknowledges the importance of retaining all documentation to support the rationale for funding recommendations. As a new organization, there were instances where certain steps and procedures were diligently followed but not thoroughly documented. This initial phase focused on establishing effective processes and ensuring the timely support of our applicants, which occasionally led to gaps in our documentation practices.</p> <p>However, as the organization has evolved, we have significantly improved our documentation practices. We now prioritize comprehensive record-keeping to ensure that every funding recommendation is well-supported and transparent. This evolution has resulted in more robust and systematic documentation, aligning with our commitment to accountability and continuous improvement. We remain dedicated to maintaining high standards in our processes to build trust and credibility with our stakeholders.</p> <p>Timeline: Already complete</p>
<p>Recommendation 67 The PEI Alliance for Mental Well-Being should provide the Board of Directors with a listing of all funding-ready applications.</p>	<p>The PEI Alliance for Mental Well-Being acknowledges the importance of providing the Board of Directors with a comprehensive listing of all applications. As a new organization, we focused on establishing effective processes to support our applicants, which occasionally led to certain steps and procedures being followed without thorough documentation. This early phase of our development aimed at rapidly addressing the needs of our community, sometimes at the expense of detailed record-keeping.</p> <p>However, as the organization has evolved, we have updated our Grant Program Policy to reflect an enhanced role for Peer Reviewers for recommending projects for funding to the Board of Directors. This process improvement is meticulously recorded and tracked and transferred to the Board of Directors to further reduce any potential for conflict of interest. The Board now receives a list of all grant program applicants at the beginning of the adjudication process and a final list of recommendations from the peer review process for approval at the conclusion of the adjudication process.</p> <p>These enhancements have led to more robust and systematic documentation, reinforcing our commitment to accountability and informed decision-making. Moving forward, we will continue to refine our processes to support the Board’s oversight and uphold the highest standards of organizational governance.</p> <p>Timeline: Already complete</p>

RECOMMENDATIONS TO THE PEI ALLIANCE FOR MENTAL WELL-BEING

RECOMMENDATIONS*	MANAGEMENT RESPONSE
<p>Recommendation 72 All payments made by the PEI Alliance for Mental Well-Being should be signed by two authorized individuals in accordance with its by-laws.</p>	<p>The PEI Alliance for Mental Well-Being recognizes the importance of adhering to the requirement that all payments be signed by two authorized individuals, as outlined in our by-laws. As a new organization, we were establishing and refining our procedures for the issuance of cheques. During this period, all cheques were signed by individuals who were authorized to do so, ensuring that no unauthorized payment were made. We have updated our by-laws to reflect more clearly who is authorized as signatories on all payments. This update ensures that our financial practices are aligned with our commitment to transparency, accountability, and adherence to our governance standards. We are confident that these strengthened processes will support the continued integrity and reliability of our financial operations.</p> <p><u>Timeline:</u> Already complete</p>
<p>Recommendation 77 The PEI Alliance for Mental Well-Being should obtain project reports in accordance with the timelines established in the funding agreements.</p>	<p>The PEI Alliance for Mental Well-Being is committed to obtaining project reports in accordance with the timelines established in our funding agreements. We understand the importance of timely and accurate reporting to ensure accountability and the effective use of funds. While all reports were obtained, there were instances where recipients required additional time to submit their reports due to unforeseen challenges or extenuating circumstances. In such cases, we worked closely with recipients to accommodate reasonable extensions without compromising the integrity of the reporting process.</p> <p>However, since Cycle 1 we have taken steps to improve and implement stringent measures to uphold our standards and funding agreements involving reports that were not satisfactory or never received. There have been situations where we have withdrawn or withheld funding until acceptable reports were provided, ensuring that funds were only released when recipients met their reporting obligations. This approach allowed us to maintain rigorous oversight of funded projects while also providing some flexibility to recipients facing genuine difficulties. Moving forward, we remain committed to enforcing our reporting timelines and standards to ensure the highest level of accountability in our funding processes.</p> <p><u>Timeline:</u> Already complete</p>

RECOMMENDATIONS TO THE PEI ALLIANCE FOR MENTAL WELL-BEING

RECOMMENDATIONS*	MANAGEMENT RESPONSE
<p>Recommendation 82 The PEI Alliance for Mental Well-Being should review and document its assessment of all reports in accordance with grant program guidelines.</p>	<p>The PEI Alliance for Mental Well-Being acknowledges the importance of reviewing and documenting the assessment of all reports in accordance with grant program guidelines. As a new organization, we diligently assessed all submitted reports to ensure compliance with our standards and the objectives of the grant program. However, in our initial stages, our documentation efforts were primarily focused on reports that required further information or follow-up. This approach allowed us to prioritize addressing any issues and ensuring that all projects met the necessary criteria.</p> <p>However, as we have grown and refined our processes, we have recognized the need for comprehensive documentation of all report assessments, including those deemed acceptable upon initial review. Moving forward, we are committed to documenting the evaluation of every report to provide a complete and transparent record of our assessment process. This enhanced documentation practice will help us maintain consistency, improve accountability, and ensure that we fully comply with grant program guidelines.</p> <p>Timeline: Already complete</p>
<p>Recommendation 83 The PEI Alliance for Mental Well-Being should retain documentation to support that issues identified from its assessment of reports have been resolved.</p>	<p>The PEI Alliance for Mental Well-Being acknowledges the necessity of retaining documentation to support the resolution of issues identified during the assessment of reports. As a new organization, our initial focus was on quickly addressing and resolving issues to maintain the momentum and effectiveness of our funded projects. Unfortunately, this meant that we did not always retain comprehensive documentation of the steps taken to resolve these issues.</p> <p>However, as we have grown and refined our processes, we recognize the importance of proper documentation, we have since revised our procedures to ensure that all actions taken to address identified issues are thoroughly documented and retained. This change not only enhances our accountability and transparency but also provides a clear audit trail that demonstrates our commitment to resolving issues in a systematic and verifiable manner. Moving forward, we are confident that these improved procedures will strengthen our overall governance and support the continued access of our programs.</p> <p>Timeline: Already complete</p>

RECOMMENDATIONS TO THE PEI ALLIANCE FOR MENTAL WELL-BEING

RECOMMENDATIONS*	MANAGEMENT RESPONSE
<p>Recommendation 94 The PEI Alliance for Mental Well-Being should implement a conflict-of-interest policy for employees, and require employees to document they have read and understand the policy.</p>	<p>The PEI Alliance for Mental Well-Being recognizes the importance of implementing a comprehensive conflict-of-interest policy for all employees to ensure integrity and transparency within our organization. While we now have a conflict-of-interest policy that all employees must read and acknowledge, it is important to note that even before this broader implementation, employees involved in the Grant Program were required to read and acknowledge the <i>Peer Reviewer and Observer Conflict of Interest Policy</i> specific to their roles as observers of the adjudication process. This ensured that the critical aspects of our grant-making process were conducted with the highest ethical standards and without any conflicts of interest.</p> <p>Moving forward, the newly implemented organization-wide conflict-of-interest policy reinforces our commitment to ethical conduct across all areas of our operations. By requiring all employees to read and acknowledge this policy, we aim to foster a culture of accountability and trust. This comprehensive approach not only aligns with best practices but also strengthens our organizational integrity, ensuring that all decisions and actions are made in the best interests of the PEI Alliance for Mental Well-Being and the communities we serve.</p> <p><u>Timeline:</u> Already complete</p>
<p>Recommendation 95 The PEI Alliance for Mental Well-Being should require employees to sign an annual conflict-of-interest declaration disclosing their private interests.</p>	<p>The PEI Alliance for Mental Well-Being agrees with the importance of requiring employees to sign an annual conflict-of-interest declaration. However, we do not concur with the requirement for all employees to disclose their private interests in full. Our conflict-of-interest declaration is designed to clearly inform employees of their responsibility to disclose any perceived conflicts of interest as they arise. This ensures that potential conflicts are managed effectively without imposing the unnecessary burden of disclosing all private interests, which may be unrelated to their roles and responsibilities within the organization.</p> <p>While the disclosure of private interests is a common practice within Federal, Provincial, and Municipal Governments, it is not typically mandated for external organizations such as the Alliance. Our approach aligns with standard practices for non-governmental organizations, focusing on the disclosure of specific conflicts rather than comprehensive private interests. This method maintains the privacy of our employees while ensuring that any relevant conflicts are transparently managed. We believe this balanced approach effectively upholds the integrity and ethical standards of the PEI Alliance for Mental Well-Being.</p> <p><u>Timeline:</u> Conflict of Interest declaration is implemented.</p>

RECOMMENDATIONS TO THE PEI ALLIANCE FOR MENTAL WELL-BEING

RECOMMENDATIONS*	MANAGEMENT RESPONSE
<p>Recommendation 96 The PEI Alliance for Mental Well-Being should require peer reviewers to sign an annual conflict-of-interest declaration disclosing their private interests.</p>	<p>The PEI Alliance for Mental Well-Being agrees with the importance of requiring peer reviewers to sign an annual conflict-of-interest declaration. However, we do not believe it is necessary for all peer reviewers to disclose their private interests in full. Our conflict-of-interest declaration is designed to make it clear to peer reviewers that they are responsible for disclosing any perceived conflicts of interest as they arise. This approach ensures that potential conflicts are effectively managed without the undue burden of requiring reviewers to disclose their private interests, which may be irrelevant to their roles within our organization. This method has worked for us. While the disclosure of private interests is a common required within Federal, Provincial, and Municipal Governments, it is not typically mandated for external organizations like the Alliance. Our approach aligned with best practices for non-governmental organizations, focusing on the disclosure of specific conflicts of interest rather than comprehensive private interests. This method maintains the privacy of our peer reviewers while ensuring that any relevant conflicts are transparently managed. We believe this balanced approach effectively upholds the integrity and ethical standards of the PEI Alliance for Mental Well-Being.</p> <p><u>Timeline:</u> Conflict of Interest declaration is implemented.</p>
<p>Recommendation 97 The PEI Alliance for Mental Well-Being should obtain an annual conflict-of-interest declaration from each Board member disclosing their private interests.</p>	<p>The PEI Alliance for Mental Well-Being agrees with the importance of requiring Board members to sign an annual conflict-of-interest declaration. However, we do not concur with the requirement for all Board members to disclose their private interests in full. Our conflict-of-interest declaration is designed to clearly inform Board members of their responsibility to disclose any perceived conflicts of interest as they arise. This ensures that potential conflicts are managed effectively without imposing the unnecessary burden of disclosing all private interests, which may be unrelated to their roles and responsibilities within the organization.</p> <p>While the disclosure of private interests is a common practice within Federal, Provincial, and Municipal Governments, it is not typically mandated for external organizations such as Alliance. Our approach aligns with standard practices for non-governmental organizations, focusing on the disclosure of specific conflicts rather than comprehensive private interests. This method maintains the privacy of our Board members while ensuring that any relevant conflicts are transparently managed. We believe this balanced approach effectively upholds the integrity and ethical standards of the PEI Alliance for Mental Well-Being.</p> <p><u>Timeline:</u> Conflict of Interest declaration is implemented.</p>

RECOMMENDATIONS TO THE PEI ALLIANCE FOR MENTAL WELL-BEING

RECOMMENDATIONS*	MANAGEMENT RESPONSE
<p>Recommendation 103 Members of the PEI Alliance for Mental Well-Being Board of Directors should declare all conflicts-of-interest. These declarations should be recorded in meeting minutes, and board members should remove themselves from any discussions related to the conflict.</p>	<p>The PEI Alliance for Mental Well-Being acknowledges the importance of Board members declaring all conflicts of interest and having these declarations properly recorded in meeting minutes. While declarations of potential conflicts of interest were made, as a new organization, our procedures for documenting these declarations were still being developed. We understand the necessity of proper documentation to ensure transparency and accountability in our decision-making processes.</p> <p>Regarding the two items noted in the report, we would like to clarify the circumstances. In one case, the board member in question had not been affiliated with the other organization for over ten years, and it was determined that this did not constitute a conflict of interest. In the other instance, a potential conflict was verbally declared during a meeting, but the declaration was not properly documented in the minutes. We have since refined our procedures to ensure that all declarations of conflicts of interest are accurately recorded in the meeting minutes and the board members remove themselves from any related discussions, thereby upholding the integrity and trust in our governance practices.</p> <p>Timeline: Already complete</p>

*Recommendation numbers refer to paragraph numbers.

STANDARDS, OBJECTIVES, AND SCOPE

STANDARDS

This independent assurance report was prepared by the Office of the Auditor General of Prince Edward Island. Our responsibility was to provide objective information and independently conclude on whether the Department of Health and Wellness (the “Department”) managed the grant funding provided to the PEI Alliance for Mental Well-Being (the “Alliance”) in accordance with applicable policies, and the PEI Alliance for Mental Well-Being administered its grant program with effective processes and controls.

Work conducted for this audit was performed to a reasonable level of assurance in accordance with Canadian Standards on Assurance Engagements (CSAE) 3001 - Direct Engagements set out by the Chartered Professional Accountants of Canada (CPA Canada) in the CPA Canada Handbook - Assurance.

The Office of the Auditor General of Prince Edward Island applies the Canadian Standard on Quality Management which requires our office to design, implement and operate a system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

In conducting the audit work, we have complied with independence and other ethical requirements of the Rules of Professional Conduct of the Chartered Professional Accountants of Prince Edward Island and the Code of Conduct of the Office of the Auditor General of Prince Edward Island. Both the Rules of Professional Conduct and our Office’s Code of Conduct are founded on fundamental principles of integrity, objectivity, professional competence, due care, confidentiality, and professional behavior.

OBJECTIVES

The objectives of this audit were to determine whether the Department of Health and Wellness managed the grant funding provided to the PEI Alliance for Mental Well-Being in accordance with applicable policies and whether the PEI Alliance for Mental Well-Being administered its grant program with effective processes and controls.

We developed a number of criteria to assess whether the Department and the Alliance had met these objectives. These criteria are listed in **Appendix C**.

In accordance with our regular audit process, we obtained the following from management of both the Department of Health and Wellness, and the PEI Alliance for Mental Well-Being:

- confirmation of responsibility for the subject matter;
- acknowledgement of the suitability of the criteria used in the audit;
- confirmation that all known information that has been requested, or that could affect the findings or audit conclusion, has been provided; and
- confirmation that the audit report is factually accurate.

SCOPE AND APPROACH

The scope of our audit included analysis and testing of records from the Department of Health and Wellness, and the PEI Alliance for Mental Well-Being for the period April 1, 2021, to March 31, 2023. We examined documentation outside of that period as necessary.

Our approach included

- interviews with Department management and employees;
- review of Treasury Board minutes;
- review of policy and procedure documents relevant to government grant funding arrangements;
- walkthroughs and evaluation of government key control processes including program authorization, funding agreements, payments, and monitoring;
- interviews with Alliance Board members, management, and employees;
- review of guidelines relevant to the Alliance’s administration of the grant program;
- analysis of a sample of the Alliance’s grant program applications, approval documentation, project funding agreements, vendor payments, and project reporting; and
- review of other documentation as required.

It is important to note that our observations and conclusions relate only to the management practices of the Department and the Alliance who are responsible for administering these grant funding programs and consequently, our comments and conclusions do not pertain to the practices or performance of any third parties.

We did not audit the effectiveness of the funding provided to the PEI Alliance for Mental Well-Being from the Department of Health and Wellness. We did not audit the merits of the Alliance’s selection of grant recipients and did not examine the content of the reports received by the Alliance from grant recipients.

DATE OF REPORT

We obtained sufficient and appropriate audit evidence on which to base our conclusions on July 19, 2024, in Charlottetown, Prince Edward Island.

AUDIT TEAM

Assistant Auditors General:	Jennifer Bowness Sheri Griffin
Principal:	Justin Ellis
Directors:	Sarah Taylor Julianna Chiu
Manager:	Jenna Dominey
Auditor:	Lu Chen

AUDIT CRITERIA – OBJECTIVE 1
1. Grant funding provided to the PEI Alliance for Mental Well-Being was authorized in accordance with Treasury Board Policies.
2. Grant payments were made in accordance with the approved funding agreement, and appropriately authorized.
3. Grant funding to the PEI Alliance for Mental Well-Being was monitored in accordance with the approved funding agreement and best practices.

AUDIT CRITERIA – OBJECTIVE 2
1. Applications for grant funding were assessed and approved in accordance with program criteria and best practice.
2. Grant payments to applicants were appropriately authorized and disbursed.
3. Grant funding provided to applicants was monitored in accordance with the approved funding agreement.

**GRANT FUNDING APPROVED
CYCLES 1, 2 AND 3
AS AT MARCH 31, 2023**

Grant Funding Cycle #1			
Stream	Organization	Project Title	Amount
Enhanced Support	PEERS Alliance	Brave Spaces: Fostering compassionate community for 2SLGBTQ+ Islanders	\$ 300,000
Enhanced Support	Mi'kmaq Heritage Actors	Sharing our Culture-Sing, Dance, Drum	300,000
Enhanced Support	4-H PEI	Rejuvenate 4-H Prince Edward Island	300,000
Enhanced Support	Atlantic Summer Institute on Healthy and Safe Communities	Investing Upstream: Placing infants, children and youth at the forefront of lifelong Mental Well-Being – a shift in policy direction for Prince Edward Island	298,770
Enhanced Support	Camp Triumph Society	Triumph Through Adversity	297,050
Enhanced Support	Building GRAND-Families Inc.	Optimizing Mental Health and Well-Being in Grand-Families on PEI	295,000
Enhanced Support	Sierra Club Canada Foundation	Outdoors is for Everyone!	280,552
Enhanced Support	Connection 2 Employment	The 4titude Project	252,968
Enhanced Support	PEI Literacy Alliance	Ready Set Learn Enhancement Project	141,369
Enhanced Support	Centre Goéland Inc.	Village des Sources l'Étoile Filante Youth Mental Wellness Camps	87,000
Innovation	Blooming House Women's Shelter Inc	Creating Resilience	50,000
Innovation	Sport PEI	Building Resilient Coaches in PEI Communities	50,000
Innovation	Island Pregnancy Centre	Mother's Home Programming	50,000
Innovation	Black Cultural Society of Prince Edward Island Inc.	BIPOC Peer Support Program & Mental Well-Being Anti-Stigma Campaign	50,000
Innovation	Association for Community Living	Care4Caregivers: Mental Health Support to Build Resilience for Caregivers	49,273
Innovation	Under the Spire Music Festival	Community Ceilidh Concert Series	43,157
Innovation	Young at Heart Musical Theatre Company for Seniors Inc.	Enhancing Seniors' Mental Well-Being Through Safe and Sustainable Programming and Partnerships	40,200
Innovation	Immigrant & Refugee Services Association PEI and the City of Charlottetown	Building Resilience with Community Gardens	32,200
Innovation	The PEI Food Exchange Program Inc.	The Greenhouse Project	25,000
Innovation	PEI Farm Centre	Legacy Garden Therapeutic Horticulture Pilot Program	25,000
Innovation	Hospice Palliative Association of PEI	Caregiver Hospice Peer Support Program	25,000
Innovation	STEAM PEI	Making Something from Nothing: Family Maker Time	18,209
Innovation	Confederation Centre of the Arts	Expanded dance education in three parts: Inclusive Dance, Post-Natal Yoga, My Parent & Me	15,480
Creating Connections	PEI Writers' Guild	Queer Youth Group Writing Club	50,000
Creating Connections	Creative PEI	The Creative Well-Being Initiative	48,600
Creating Connections	Under the Spire Music Festival	Kensington Music and Wellness Week	34,268
Targeted Investment	BIPOC USHR	Liberation School for BIPOC Resilience and Mental Well-Being	70,912
Targeted Investment	Lung Association of Nova Scotia and PEI	Exploring Youth Vaping/Smoking Cessation and Prevention on PEI	30,000
Targeted Investment	Early Childhood Development Association of PEI	Handle with Care—Strengthening Program Evaluation	10,000
Total - Grant Funding Cycle #1			\$ 3,270,008

Grant Funding Cycle #2			
Stream	Organization	Project Title	Amount
Innovation	Native Council of PEI	Building Indigenous Resilience and Community Healing	\$ 50,000
Innovation	Association for Community Living PEI	Building Resilience in PEI Adults with Intellectual Disabilities and/or Autism Spectrum Disorder	49,180
Innovation	Island Nature Trust	Empowering Youth in Nature to Promote Connection, Creativity and Mental Well-Being	45,000
Creating Connections	PEI Coalition for Women In Government	Fostering Resilience in Women Municipal Leaders	50,000
Creating Connections	The River Clyde Pageant	Winter Workshops and Solstice Walks in New Glasgow	50,000
Creating Connections	Lung Association of Nova Scotia and Prince Edward Island	Engaging Youth Stakeholders in Youth Vaping Harm Reduction	48,840
Creating Connections	Generation XX	Social Activities for Seniors	48,500
Targeted Investment	Health Centered Research Clinic	Establishing Standards of Practice in the Delivery of Equine Assisted Mental Health and Well-Being Services in PEI	50,000
Total - Grant Funding Cycle #2			\$ 391,520

Grant Funding Cycle #3			
Stream	Organization	Project Title	Amount
Enhanced Support	CHANCES	Community Navigator	\$ 300,000
Enhanced Support	Reach Foundation	Expanding Your Reach	292,000
Enhanced Support	Creative PEI	The Creative Well-Being Initiative	287,550
Enhanced Support	BGC Charlottetown and Montague	Evening Programs	250,150
Enhanced Support	Recreation PEI	The FocUs Program	150,000
Enhanced Support	Pride PEI Inc.	Pride 52	150,000
Enhanced Support	Milton Community Hall	Milton Community Hall's MVP-Most Valuable People	118,050
Enhanced Support	Paramedic Association of PEI	PAPEI Suicide Prevention and Intervention Program	90,450
Targeted Investment	PEI Humane Society	Safe Haven	50,000
Total - Grant Funding Cycle #3			\$ 1,688,200

Source: PEI Alliance for Mental Well-Being.

Office of the Auditor General
80 Grafton Street
Charlottetown, Prince Edward Island C1A 1K7
www.assembly.pe.ca/auditorgeneral