



Annual Report to the Legislative Assembly

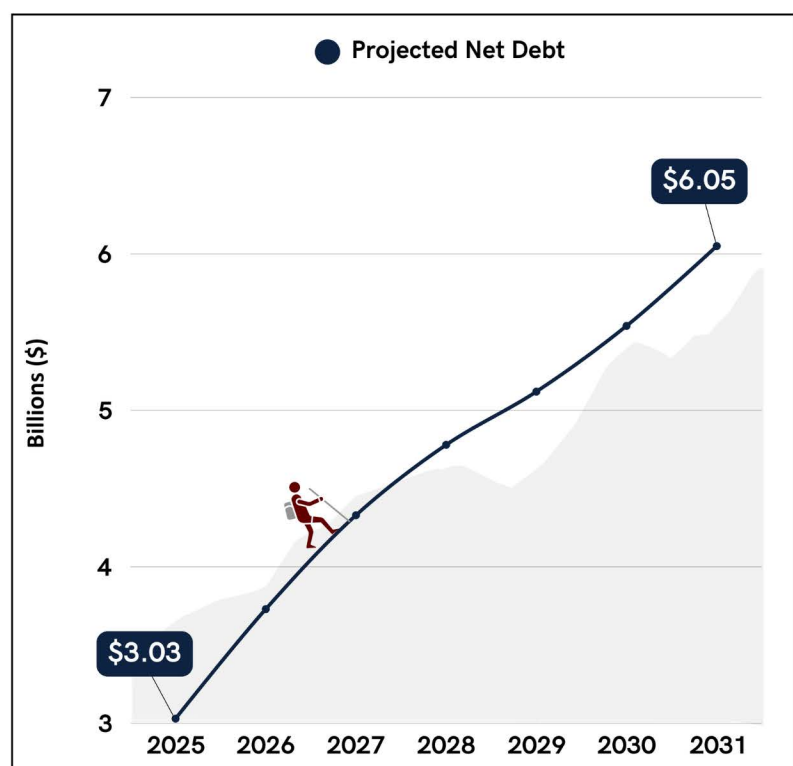
February 26, 2026

As required by the *Audit Act*, we report annually to the Legislative Assembly. This report presents the results of our audit of the Province's consolidated financial statements. It also includes:

- A report on fiscal sustainability.
- A report on the quality and timeliness of government performance reporting.
- The results of our follow-up work to determine the status of report recommendations.
- The results of our follow-up work on the three-phase audit we completed on the provincial government's COVID-19 programming, supports, and special warrants.
- Key findings related to other financial audits we completed, appropriations and special warrants, indicators of financial condition, and the state of PEI's finances from the 2025 Public Accounts.

Key Findings from the 2026 Annual Report

PEI's Fiscal Sustainability - Impact to Net Debt

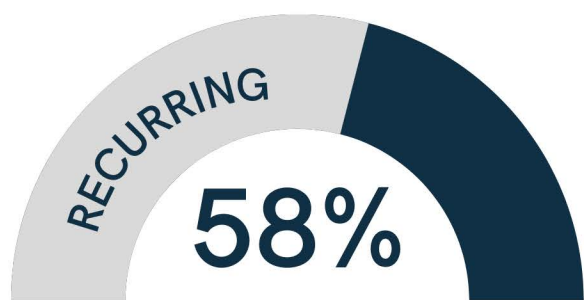


We project net debt could **double** by the end of fiscal 2031

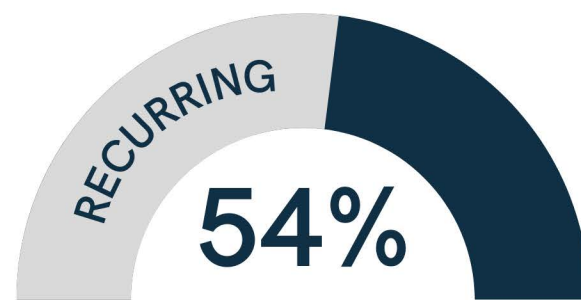


We project net debt per capita could increase to **\$32,000** by the end of fiscal 2031—nearly twice the current amount

Financial Audit Results

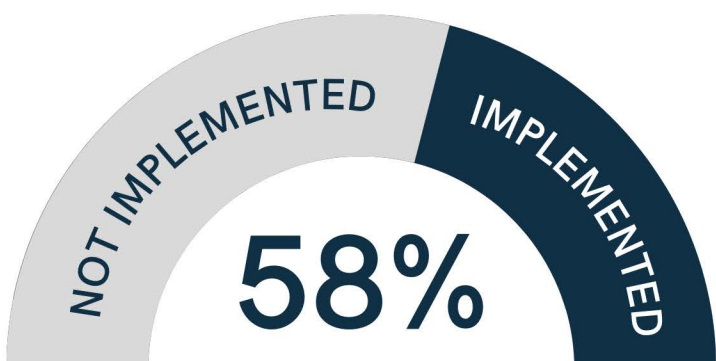


of the issues our office identified in the **Province's consolidated financial statements** were recurring

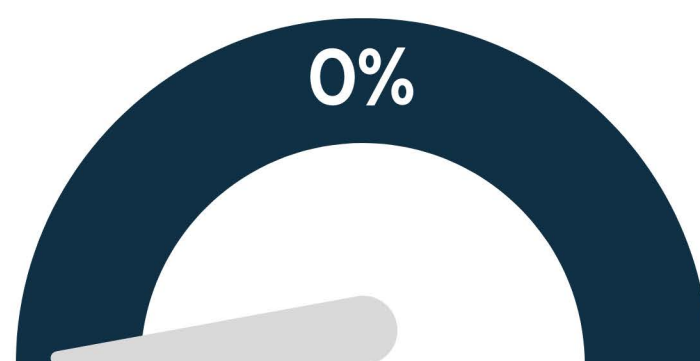


of the issues our office identified in the **other financial audits** were recurring

Follow-Up on Performance Audits

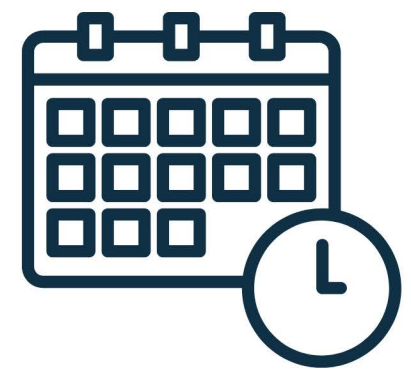


of recommendations from 2021 to 2024 have **not** been implemented as of August 31, 2025

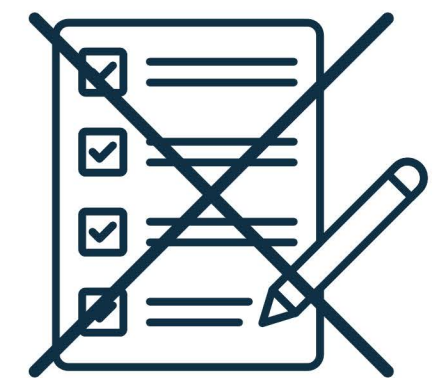


No outstanding recommendations from 2021 to 2023 were implemented since our follow-up report in March 2025

Reporting



Most government reporting entities are not tabling annual reports on-time



Only 30% of annual reports presented key performance results and only 10% clearly linked the department or entity's goals to these results



The Province should be reporting on PEI's fiscal sustainability