



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

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Independent Assurance Report

**Health PEI Executive Leadership Team Compensation  
Follow-Up**

June 2026



Prince Edward Island Île-du-Prince-Édouard

Office of the  
Auditor General

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

In accordance with the requirements of the *Audit Act*, I have the honour  
of presenting my Office's **Health PEI Executive Leadership Team  
Compensation - Follow-Up** Report to the Legislative Assembly.

Respectfully submitted,

Darren Noonan, CPA, CA  
Auditor General

Charlottetown  
Prince Edward Island  
June 4, 2026



# Health PEI Executive Leadership Team Compensation – Follow-Up - Highlights

## What We Did:

Recommendations are an integral part of performance audit reports as they are made to help improve the management of government programs and protect the interests of taxpayers. Action is expected to be taken on our recommendations by departments and reporting entities to reduce or eliminate risks.

This report includes the results of our follow-up work performed on recommendations from our *Health PEI Executive Leadership Team Compensation* report published in October 2024. It reports on the implementation status of the recommendations as of October 1, 2025.

Given the significant changes to Health PEI’s Executive Leadership Team since our initial audit, we are following up separately from our other audits and earlier than we usually do in order to provide a timely update on the implementation status of our recommendations.

## What We Found:

Health PEI reported that as at October 1, 2025, all **six** recommendations had been implemented.

During our follow-up work, we concluded that **five of six** recommendations were implemented. **One** recommendation was no longer applicable due to the implementation of a new compensation framework.



# Health PEI Executive Leadership Team Compensation – Follow-Up


## OUR FOLLOW-UP PROCESS

1. Our follow-up process holds entities accountable for implementing the recommendations made in our performance audit reports. While management has a right to select the best course of action, we fully expect action to be taken to address the identified issues.
2. To initiate our follow-up process, we requested an update from Health PEI assessing the implementation status of each recommendation as of October 1, 2025, based on the following categories:
  - implemented;
  - not implemented;
  - no longer applicable; and
  - do not intend to implement.
3. For each recommendation that management reported as implemented, we requested details on the actions taken. We then conducted follow-up work to determine if we agreed that management implemented the recommendation.
4. The objective of this follow-up engagement was to provide limited assurance on the implementation status of the six recommendations from the *Health PEI Executive Leadership Team Compensation* audit report, all of which Health PEI reported as implemented as of October 1, 2025.
5. We did not conduct a follow-up audit but conducted sufficient procedures to obtain limited assurance to support our conclusion. Further details on the engagement standards, objective, scope and conclusion are included in **Appendix A**.

## WHAT OUR INITIAL AUDIT EXAMINED

6. The objectives of the *Health PEI Executive Leadership Team Compensation* audit were to determine whether:
  - Employees of Health PEI's Executive Leadership Team (ELT) held positions that were classified in accordance with legislation and policies; and








- Employment contracts with Health PEI’s ELT were authorized in accordance with Treasury Board policies.
7. Our scope included the eight Chief positions within Health PEI’s ELT as of December 31, 2023. The audit work covered compensation for these employees during the period of January 22, 2021 to December 31, 2023. The Chief Executive Officer, who is appointed by the Lieutenant Governor in Council, was not included in our audit.
  8. Five of the eight ELT employees included in our audit were in positions which were classified in accordance with the *Civil Service Act* and following the Public Service Commission’s processes.
  9. Between May 2023 and October 2023, all five employees entered employment contracts with Health PEI with effective dates ranging from May 2021 to July 2023. The salary per the employment contract for these five employees exceeded the salary range assigned to the classified positions. **Exhibit 1** summarizes the differences as of December 31, 2023.



## Classified

When a position is classified, it means it has gone through a formal classification process. This process analyzes the knowledge and skills required to do the job, along with responsibility and working conditions. Based on the results of the evaluation, a classification level is assigned which determines a salary range for the position.

**EXHIBIT 1  
FORMER ELT CONTRACT COSTS VERSUS SALARY  
RANGE OF CLASSIFIED POSITION**






Position	Actual Salary at December 31, 2023 (Based on Contract)	Expected Salary at December 31, 2023 (Based on Classified Position)	Salary Amount of Contract over Classified Position
 Chief Communications Officer	\$158,496	\$107,855	↑ \$50,641
 Chief Financial Officer	\$189,852	\$162,455	↑ \$27,397
 Chief Human Resources Officer	\$178,932	\$149,624	↑ \$29,308
 Chief Nursing, Professional Practice and Quality Officer	\$189,852	\$162,455	↑ \$27,397
 Chief of Performance and Innovation	\$178,952	\$139,347	↑ \$39,605
 Chief Administrative Officer	\$188,448	N/A*	N/A*
 Chief Medical Officer	\$383,526	N/A*	N/A*
 Chief Operating Officer	\$189,852	N/A*	N/A*

\*These positions were not classified by the Public Service Commission and therefore no recommended salary range existed.  
Source: Derived from the audit work of the Office of the Auditor General.

10. We made six recommendations to address weaknesses we identified during the audit. Some key weaknesses identified included:
- Wages paid to two employees of the ELT did not agree to the salary ranges of the assigned classification level even before they entered an employment contract.
  - Employment contracts of the ELT were not approved by the Minister of Health and Wellness, Health PEI's Board of Directors, or Treasury Board.
  - Most of the contracts had effective dates more than 60 working days prior to the date the contracts were signed. Two of which were effective two years prior to the date the contracts were signed, resulting in significant amounts of backpay.

## **IMPLEMENTATION STATUS OF RECOMMENDATIONS**

11. Following the release of our audit report, there were significant changes to the composition of, and the methods used to compensate, Health PEI's ELT. Details on these changes can be found in the "What Has Been Done Since the Audit" section of this report.
12. Between June 2025 and July 2025, Treasury Board provided approval for Health PEI to offer employment contracts for the following permanent ELT positions: Chief Operating Officer; Chief Governance and Risk Officer; Chief People and Professional Practice Officer; Chief Transformation and Strategy Officer; Chief Financial Officer; and Chief Medical Officer.
13. All of the contracts noted above, with the exception of the Chief People and Professional Practice Officer, were subject to our follow-up work. The Chief People and Professional Practice Officer was excluded from our follow-up work as recruitment was ongoing as of the cut-off date of our follow-up work.
14. Our follow-up work assessed the status of implementation of our recommendations, as reported to our office, as of October 1, 2025. Health PEI assessed all recommendations as implemented as of October 1, 2025.
15. Based on the follow-up work completed, we concluded that five of the six recommendations were implemented and one recommendation was no longer applicable. The table on the next page details the recommendations, and our conclusion on the status of implementation based on the follow-up work completed.

Rec. #*	Recommendations Management Assessed as Implemented as at October 1, 2025	Auditor General Conclusion of Status of Implementation
26	Health PEI should compensate employees in accordance with the classification levels assigned by the Public Service Commission.	<b>No longer applicable**</b>
36	Health PEI should obtain the approval of the Minister of Health and Wellness for all employment contracts in accordance with Treasury Board Policy 12.02: Employment Contracts.	
37	Health PEI should obtain the approval of its Board of Directors when using employment practices outside of its established hiring process.	
40	Health PEI should obtain Treasury Board approval of employment contracts in accordance with Treasury Board Policy 12.02: Employment Contracts.	
42	Health PEI should ensure employees of the Executive Leadership Team are aware of the requirements of Treasury Board policies.	
46	Health PEI should not backdate employment contracts more than 60 working days, in accordance with the practices of the Public Service Commission.	

\*Recommendation numbers refer to the paragraph numbers in the original audit report.

\*\* Recommendation considered no longer applicable based on the new compensation framework approved by Treasury Board for Health PEI’s ELT which allows for compensation outside of the Public Service Commission’s classification system.

**WHAT HAS BEEN DONE SINCE THE AUDIT**

16. From the end of our scope period covered by our initial audit, December 31, 2023 to October 1, 2025, the following changes occurred with Health PEI’s ELT:

- All eight former employment contracts ended;
- New contracts were entered into for interim executives; and
- A new ELT structure and compensation framework was established.

17. This section provides a summary of the changes to the composition and methods to compensate Health PEI’s ELT since the release of our audit report. This is provided for information purposes only. We did not assess the approach taken by Health PEI regarding the transition of ELT positions and therefore do not provide any conclusions or recommendations in this section of the report.

## Employment Contracts

18. All eight Health PEI ELT employment contracts which were in effect as of December 31, 2023, ended between August 2024 and July 2025. These contracts either expired, were terminated, or employees resigned or retired.

## Interim Executives

19. We expected that when the employment contracts ended, if no other method of compensation was appropriately approved, Health PEI would compensate employees in the ELT positions based on the classification levels assigned to the positions. However, as shown in **Exhibit 2**, some positions were filled temporarily using contracts with employment agencies to hire interim executives.

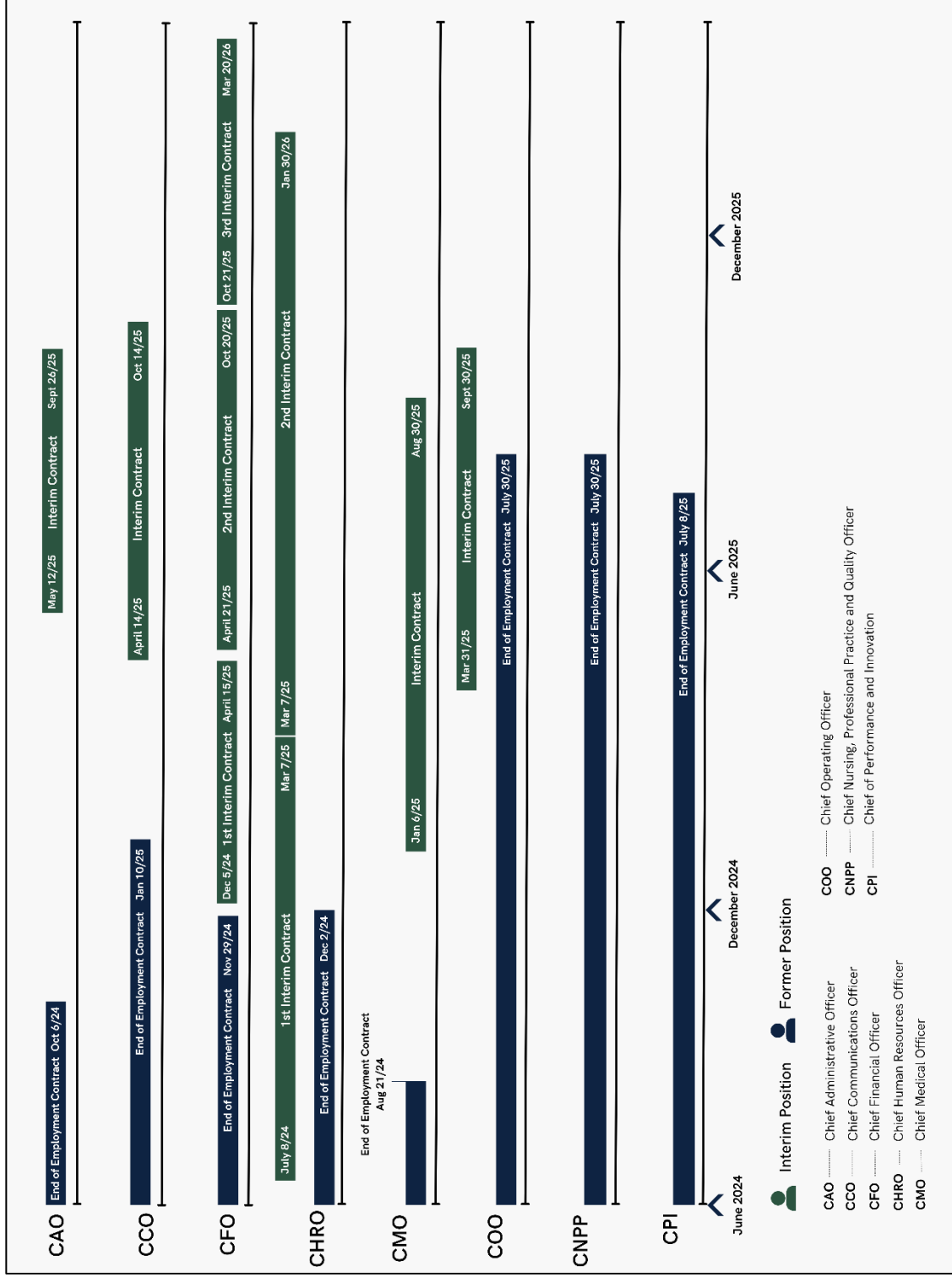
### EXHIBIT 2 INITIAL OUTCOME OF POSITIONS AFTER END OF EMPLOYMENT CONTRACTS



Source: Derived from information obtained during our follow-up work.

20. Interim executives were recruited through the use of three different employment agencies. The interim contracts, ranging from 6 to 12 months in length, were signed by the employment agencies and the Chief Executive Officer of Health PEI.
21. **Exhibit 3** shows the effective end dates of the former ELT employment contracts, as well as the effective dates of the contracts for interim executives. In some cases, the ELT positions were vacant until the interim executives were hired, and in others there was some overlap between when the interim executives were hired and when the former employment contract ended.

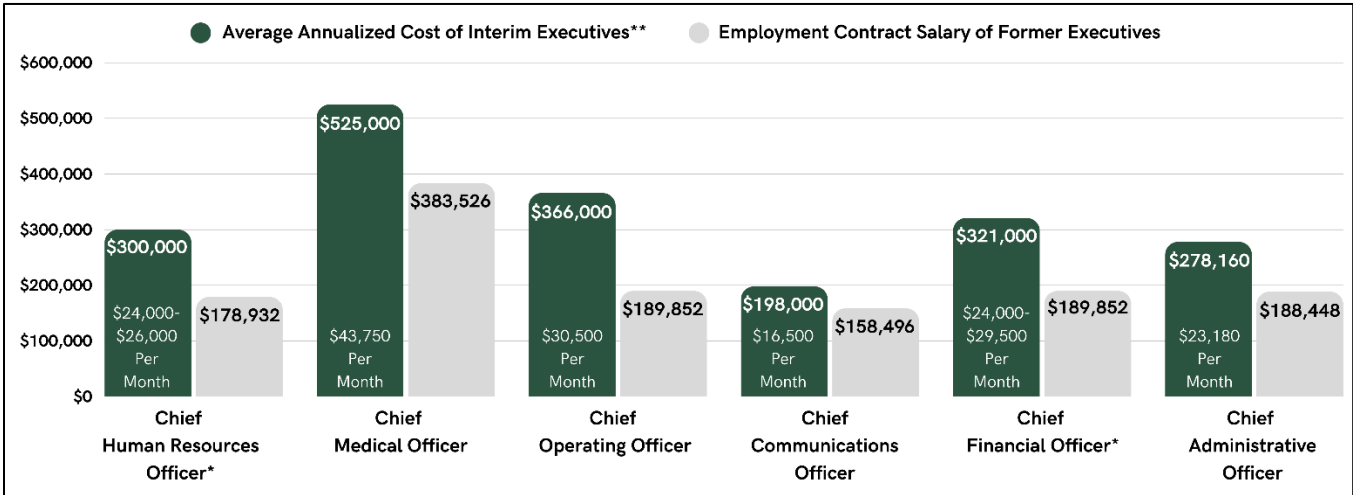
# EXHIBIT 3 EFFECTIVE DATES OF EMPLOYMENT CONTRACTS AND CONTRACTS FOR INTERIM EXECUTIVES



Source: Derived from information obtained during our follow-up work.

- 22. Each interim contract established a set monthly fee, paid to the employment agency, for the services provided by the executives. The contracts also allowed for reimbursement of pre-approved expenses such as accommodation and travel. These expenses varied by contract and have not been included in our analysis.
- 23. **Exhibit 4** outlines the cost of the set monthly fee for each interim executive in comparison to the salaries in the former employment contracts for the ELT positions as of December 31, 2023. Although not all interim contracts were one year in length, the average annualized costs have been calculated to compare to the salaries of the former executives.

**EXHIBIT 4  
COST OF SET MONTHLY FEE FOR INTERIM EXECUTIVES VERSUS  
FORMER EMPLOYMENT CONTRACT SALARIES**



\*There were two separate interim contracts for these positions. The annualized cost uses the average of both contracts. The title of the interim role for the Chief Human Resources Officer was Interim Human Resources Executive.

\*\*The average annualized cost of interim executives is based on the cost of the interim contracts noted in **Exhibit 3**.

Source: Derived from interim contracts obtained during follow-up work and the 2024 Health PEI Executive Leadership Team Compensation report.

**New Executive Leadership Team Structure**

- 24. While using interim executives, Health PEI sought approvals to establish a new ELT structure and compensation framework. In May 2025, Treasury Board authorized the Department of Health and Wellness (the Department) to allow Health PEI to implement a new ELT structure and to compensate members of the ELT using a new Chief Salary Band.

25. The approval of this new ELT structure and compensation framework meant that the previously classified positions of the ELT would no longer be classified positions under the *Civil Service Act*. **Exhibit 5** outlines the positions within the new ELT structure, as well as the salary band approved for the positions.

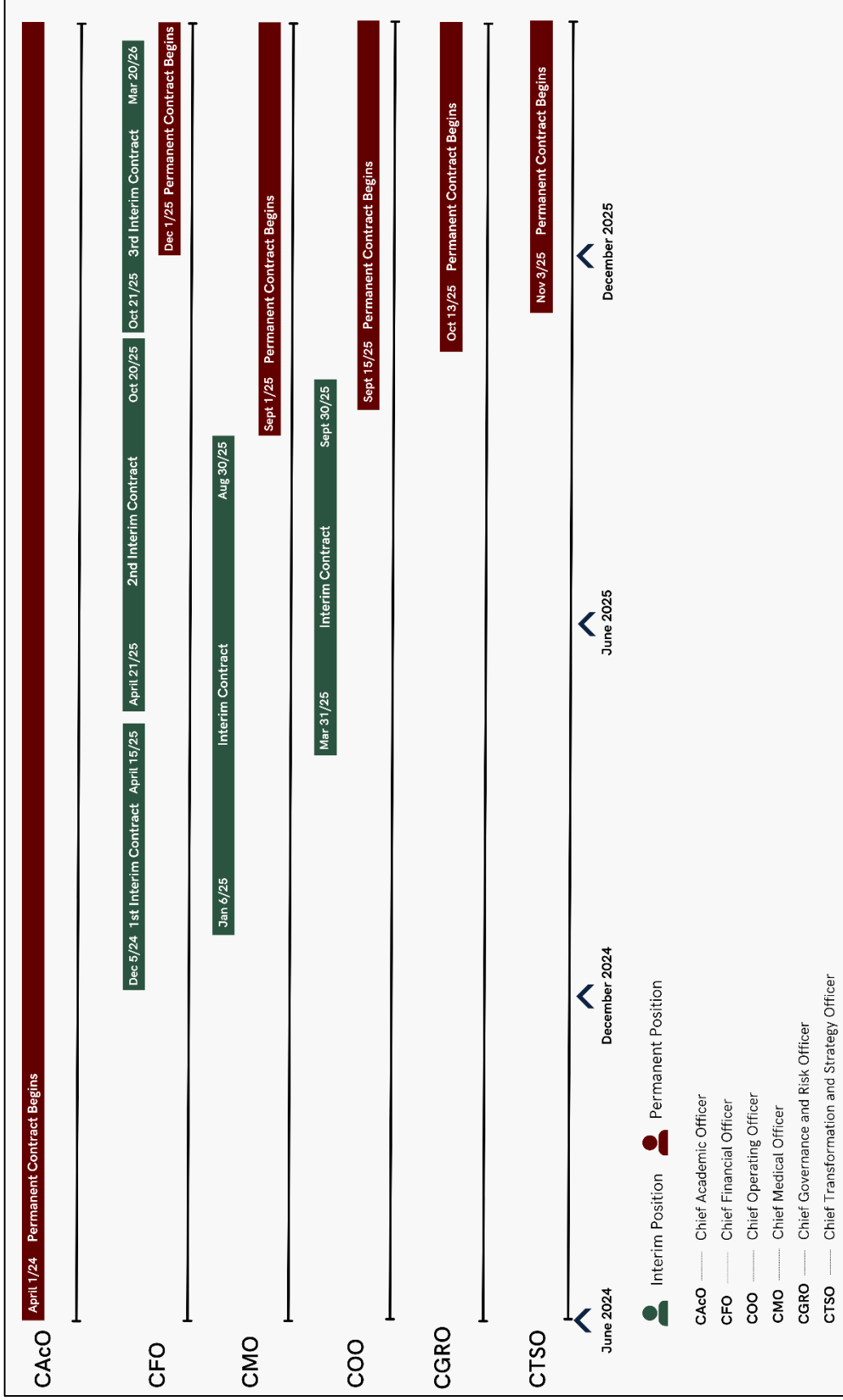
**EXHIBIT 5  
HEALTH PEI ELT STRUCTURE AND SALARY BAND AS  
APPROVED BY TREASURY BOARD MAY 2025**



*Source: Derived from Treasury Board Submission.*

26. Contracts for six of these seven positions were in place as of October 1, 2025. Recruitment for the Chief People and Professional Practice Officer was ongoing. **Exhibit 6** outlines the timing of these permanent contracts in comparison to the interim executive contracts.

## EXHIBIT 6 EFFECTIVE DATES OF CONTRACTS FOR INTERIM EXECUTIVES AND PERMANENT EMPLOYMENT CONTRACTS



Source: Derived from information obtained during our follow-up work.

27. **Exhibit 7** outlines the Chief positions and salaries of the former structure, as of December 31, 2023, as well as the positions and salaries of the structure approved by Treasury Board in May 2025. In addition to these positions, the structure approved by Treasury Board also included 14 Executive Director positions at a total salary cost ranging from \$1.8 million to \$2.2 million. According to the submission to Treasury Board, the previous structure included five Executive Director positions at a total salary cost of approximately \$785 thousand.

**EXHIBIT 7  
COST COMPARISON  
FORMER VERSUS NEW ELT STRUCTURE**

Former Structure (December 2023)	Approved Structure (May 2025)*
Chief Medical Officer ----- \$383,526	Chief Medical Officer ----- \$500,000
Chief Operating Officer ----- \$189,852	Chief Operating Officer ----- \$235,000
Chief Financial Officer ----- \$189,852	Chief Financial Officer ----- \$235,000
Chief Human Resources Officer ----- \$178,932	Chief People and Professional Practice Officer ----- \$155,000 - \$246,000
Chief Academic Officer** ----- \$80,000	Chief Academic Officer** ----- \$80,000
Chief Administrative Officer ----- \$188,448	Chief Governance and Risk Officer ----- \$225,000
Chief Nursing, Professional Practice and Quality Officer ----- \$189,852	Executive Lead, Health System Integration and Flow ----- \$166,959
Chief Communications Officer ----- \$158,496	Chief Transformation and Strategy Officer ----- \$230,000
Chief of Performance and Innovation ----- \$178,952	
Total: <b>\$1,737,910</b>	Total: <b>\$1,826,959 - \$1,917,959</b>

\*Actual salaries from contracts were used for those signed on or before October 1, 2025, the end of the scope period for this work. The salary range was used for one position for which recruitment was ongoing as of October 1, 2025.

\*\*The Chief Academic Officer was not included in the scope of our initial audit or our follow-up work. The salary included above is based on the amount presented to Treasury Board. This is a part-time (20%) position with Health PEI.

Source: Derived from information obtained during follow-up and the 2024 Health PEI Executive Leadership Team Compensation report.

28. We were informed by Health PEI that they recently reassessed this structure and received Treasury Board approval for the revised structure on May 20, 2026.

## **STANDARDS, OBJECTIVE, SCOPE AND CONCLUSION**

### **STANDARDS**

This independent limited assurance attestation engagement report was prepared by the Office of the Auditor General of Prince Edward Island on the status of the implementation of recommendations made in our October 2024 audit report – *Health PEI Executive Leadership Team Compensation*. Work conducted for this review was performed to a limited level of assurance in accordance with the Canadian Standards on Assurance Engagements (CSAE) 3000 – Attestation Engagements Other Than Audits or Reviews of Historical Financial Information, set out by the Chartered Professional Accountants of Canada.

The Office of the Auditor General of Prince Edward Island applies the Canadian Standard on Quality Management 1, 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 this limited assurance 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 and due care, confidentiality, and professional behavior.

### **OBJECTIVE**

Our objective was to provide limited assurance on those recommendations assessed by management as “implemented” as of October 1, 2025, to determine if Health PEI’s assessment was free from material misstatement.

### **SCOPE AND APPROACH**

The scope period is from the report date of the *Health PEI Executive Leadership Team Compensation* audit, October 22, 2024 to October 1, 2025.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less extensive than, for a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our approach included:

- obtaining assertions from management on the status of implementation of each recommendation;
- interviewing management and staff of Health PEI, the Minister of Health and Wellness, Treasury Board, and Health PEI Board of Directors;
- examining documents; and
- reviewing specific controls and processes.

Our follow-up work assessed the status of implementation of our recommendations against the employment contracts for Health PEI's Chief positions entered into between October 22, 2024, and October 1, 2025. This included the following executives:

- Chief Transformation & Strategy Officer;
- Chief Operating Officer;
- Chief Governance & Risk Officer;
- Chief Financial Officer; and
- Chief Medical Officer.

The recruitment for the Chief People and Professional Practice Officer was ongoing as of the cut-off date of our follow-up work, October 1, 2025, so there was no employment contract for this position.

The Chief Academic Officer was excluded from our follow-up work as the contract was signed in October 2023 and effective April 1, 2024, before the scope period for this follow-up work. This position was also not included in our original audit as it was not in effect during the scope period for that work.

## **CONCLUSION**

Based on the limited assurance procedures performed and evidence obtained, we concluded that five of the six recommendations management reported as implemented on October 1, 2025, were implemented. We also concluded the remaining one recommendation that management reported as implemented on October 1, 2025, was no longer applicable.

Additional information provided in this report is not intended to take away from our overall conclusion.

## **DATE OF REPORT**

We obtained sufficient evidence on which to base our limited assurance conclusion on May 22, 2026, in Charlottetown, Prince Edward Island.

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