

Office of the Auditor General of Prince Edward Island
Press Release

Charlottetown, PEI - The Auditor General has tabled a Report to the Legislative Assembly today, January 24, 2022. The report contains a performance audit and follow-up on special reports and previous recommendations.

OVERDUE PROPERTY TAXES CHAPTER 1 HIGHLIGHTS

Why we did this Audit

- There are over 110,000 real properties on Prince Edward Island.
- Property taxes represent approximately 12% of the Province’s tax revenue each year.
- Property tax revenue was \$132 Million for the fiscal year ended March 31, 2021.
- It is important that property tax is collected, and that property tax forgiveness has been appropriately approved, in accordance with legislation.

Objectives

- To determine whether the Department of Finance collects property taxes in accordance with the *Real Property Tax Act* and regulations.
- To determine whether the Department of Finance makes property tax forgiveness decisions and recommendations in accordance with applicable legislation and policies.

Conclusions

- The Department of Finance collects property taxes in accordance with the *Real Property Tax Act* and regulations.
- We identified a lack of documented policies and procedures for certain collection activities and identified shortcomings in certain practices.

Audit Scope Period: January 23, 2016 to December 31, 2020

What we Found

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|----------------------|---|
| Payment Arrangements | <ul style="list-style-type: none"> ○ There are no documented policies or procedures related to payment arrangements. ○ There is a lack of documentation regarding the administration of payment arrangements. ○ There are inconsistencies in the actions taken when taxpayers default on payment arrangements. |
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RECOMMENDATION 1.29

- | | |
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| Property Tax Sales | <ul style="list-style-type: none"> ○ Property sales, as a result of overdue property taxes, are not occurring in a timely manner. ○ Based on our sample, it takes on average, four years to sell the properties going to tax sale. |
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RECOMMENDATIONS 1.34, 1.35

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| Cancellation of Overdue Property Taxes | <ul style="list-style-type: none"> ○ Debts which are considered uncollectable are not being submitted for cancellation to Executive Council in a timely manner. |
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RECOMMENDATION 1.51

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| Tax Deferral Program for Senior Citizens | <ul style="list-style-type: none"> ○ The records to support decisions made for seniors participating in the Tax Deferral Program for Senior Citizens are not being maintained for a sufficient amount of time. ○ There is no documented guidance on policies for staff to follow when making decisions on multi-use or large properties in relation to the Tax Deferral Program for Senior Citizens. |
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RECOMMENDATIONS 1.58, 1.62

FOLLOW-UP ON PERFORMANCE AUDITS CHAPTER 2 HIGHLIGHTS

FOLLOW-UP ON PREVIOUSLY ISSUED AUDIT RECOMMENDATIONS

WHY WE FOLLOW UP

TO HOLD AUDIT ENTITIES **ACCOUNTABLE** FOR THE IMPLEMENTATION OF OUR RECOMMENDATIONS

IN THIS REPORT

79 TOTAL RECOMMENDATIONS

For audit reports issued in 2018, 2019 and 2020

Status as at August 31, 2021

WHAT WE FOUND

Second follow up

Audit reports issued in 2018

30 recommendations

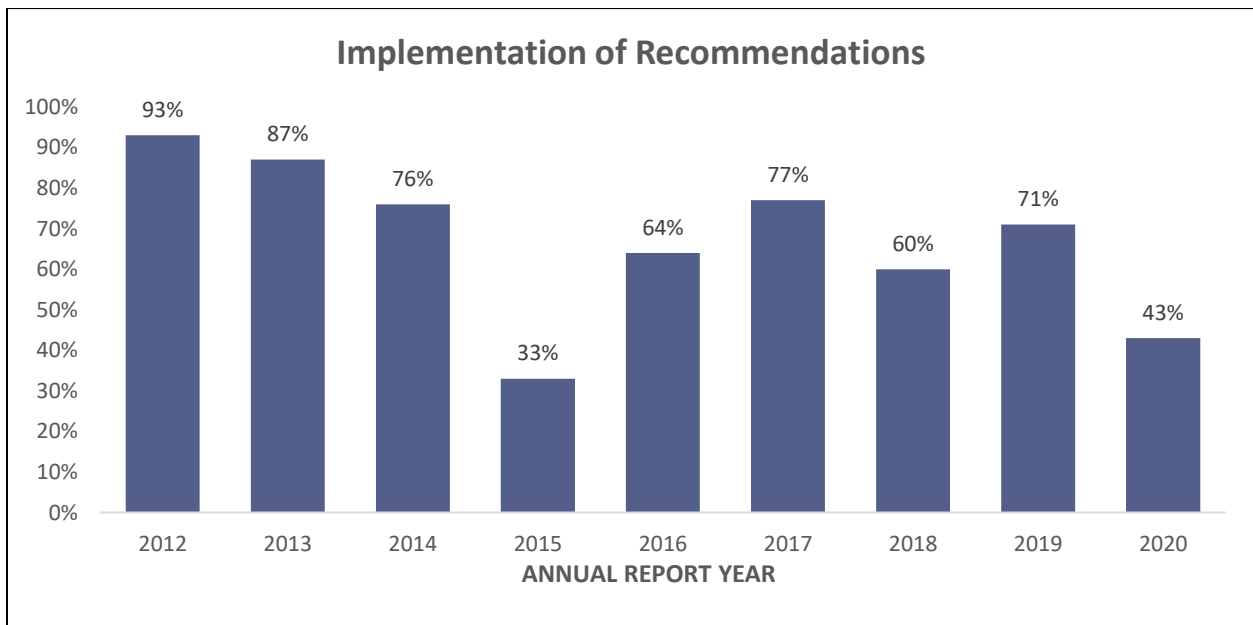
40% still in progress

First follow up

Audit reports issued in 2019 & 2020

49 recommendations

41% still in progress



These rates are based on the information in our annual report at the time our follow-up work was completed. We will follow up on outstanding 2019 and 2020 recommendations again next year.

FOLLOW-UP WITH TREASURY BOARD CHAPTER 3 HIGHLIGHTS

Why we Follow Up

- Each entity audited by the Auditor General is required to provide quarterly updates to Treasury Board on the implementation status of recommendations made by our Office.

What we Found

- Most entities did report quarterly to Treasury Board.

New Initiatives

- As a result of our 2021 Report entitled Crown Corporations Governance Survey, Treasury Board released a new Treasury Board Policy, “10.03 Reporting Entities – Good Governance”.

Why this is Important

- This is a good first step in improving transparency and accountability.

IMPLEMENTATION OF RECOMMENDATIONS 2018 SPECIAL REPORT – PETROLEUM PRICING: PRINCE EDWARD ISLAND REGULATORY AND APPEALS COMMISSION CHAPTER 4 HIGHLIGHTS

Why we Follow Up

- To hold audit entities accountable for the implementation of our recommendations.

What we Found

- Our original audit included seven recommendations for the Prince Edward Island Regulatory and Appeals Commission.
- All seven recommendations have been implemented.

Audit Objective

- The audit objective was to determine whether the Prince Edward Island Regulatory and Appeals Commission follow a reasonable process to set petroleum product prices for consumers and licensees.

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Auditor General

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