



# AUDITOR GENERAL

Prince Edward Island

## **COVID-19 Financial Support Programs Phase I 2021**



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

I have the honour of presenting our Office's report entitled "COVID-19 Financial Support Programs - Phase I."

This special examination was conducted in response to a request from the Office of the Premier of Prince Edward Island and Executive Council under Section 14(d) of the *Audit Act*.

Respectfully submitted,

Darren Noonan, CPA, CA  
Auditor General

Charlottetown, Prince Edward Island  
July 28, 2021

# COVID-19 FINANCIAL SUPPORT PROGRAMS - PHASE I

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Darren Noonan, CPA, CA  
Auditor General of PEI

## Executive Summary

The COVID-19 pandemic took us all by surprise. It affected every person and every business on Prince Edward Island. It required the Government to act quickly to provide necessary financial support programs to assist Islanders and businesses to deal with the changes brought about by the pandemic. When rolling out such financial support programs, many challenges are created for those charged with governance and management of government resources, especially with many government employees being tasked with working from home.

The need to get money into the hands of Islanders and businesses was crucial, however Government is still responsible to ensure proper internal controls exist to monitor the allocation of resources, track expenditures and ensure “eligibility” requirements are met.

This report will outline the work that our Office has completed and continues to carry out. Our work will continue for the next few years, and we will be following up on the recommendations presented in this report 12 months following the date of our report.

Overall, we found that proper authorizations were received from Treasury Board for the various financial support programs created. We found that controls were in place for most financial support programs examined in Phase I, to ensure proper authorization and tracking of applications; however, we did identify a number of weaknesses in these controls. Some of the financial support programs required supporting documentation to be provided at future dates based on an attestation system. We expected to

see follow-up procedures established to ensure only those Islanders and businesses eligible for supports did receive the supports, including necessary collection processes to collect any supports paid to ineligible recipients.

It was important to get money to Islanders and businesses quickly; however, accountability and stewardship of the Province's resources is charged to Government. This report provides recommendations in **Appendix A** to address weaknesses identified in three key areas.

### BACKGROUND

1. Based on the advice of the Chief Public Health Officer, Executive Council declared a State of Public Health Emergency in Prince Edward Island on March 16, 2020, in response to the Coronavirus Disease 2019 (COVID-19) pandemic. This measure was considered necessary to protect the public health of the residents of PEI.
2. On March 16, 2020, Treasury Board agreed to recommend to Executive Council that a COVID-19 Emergency Contingency Fund, in the amount of \$25 million, be established. The purpose of the Fund was to enable the Government to respond swiftly to the various needs of individuals and business sectors which were facing financial hardships due to the pandemic.
3. Government also established a special situation response group, which included representatives from various government departments and agencies. This group was divided into three special cabinet committees, focused on responding to the community and economic challenges created by COVID-19. These groups were tasked with ensuring that Islanders and businesses, workers, and industries were supported, while maintaining the delivery of government's essential services.
4. The three special cabinet committees were:
  - Economy and Business Supports;
  - Labour and Social Supports; and
  - Government Operations.

5. These special committees operated as discussion and approval forums, whereby departments and Crown corporations would prepare and present programs to these committees in response to the pandemic. After initial approval for a program was received from these committees, the responsible department or Crown corporation would present the formal details of the program, including eligibility criteria, budgets, and deadlines, to Treasury Board for formal approval.

6. On April 10, 2020, the Honourable Dennis King requested the Auditor General, under section 14(d) of the *Audit Act*, to undertake a special assignment to examine government's COVID-19 pandemic response. In particular, the Auditor General was requested to complete a financial examination of the provincial government's COVID-19 programming and supports, and the special warrants associated with COVID-19 for the period starting March 13, 2020.

7. In the request from the Premier, our Office was asked to report back by August 1, 2021. As we obtained a better understanding of the various funding periods of the COVID-19 financial support programs, we presented a 3-phased approach to Executive Council. The phases consist of the following:

- **Phase I:** Includes financial support program payments paid from the Emergency Contingency Fund with application deadlines up to and including August 31, 2020;
- **Phase II:** Includes loan programs, as well as the remaining program payments funded by the Emergency Contingency Fund with application deadlines after August 31, 2020; and
- **Phase III:** Additional programs established using the COVID-19 Response and Recovery Contingency Fund of \$65 million.

### AUDIT OBJECTIVES AND SCOPE

8. This report summarizes the results of our audit work on the Phase I financial support programs. There were 21 programs identified as part of this phase, which were administered by six departments and one Crown corporation. These financial support programs had total budgeted expenditures of approximately \$52 million. **Appendix D** provides a listing of these financial support programs along with budgeted to actual expenditure comparisons.

9. The objectives of this engagement were to determine whether the Province of PEI:

- obtained appropriate authorizations for financial support programs initiated in response to COVID-19; and
- maintained appropriate oversight and controls over disbursements made under these programs.

10. This report includes three recommendations 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, related recommendations, and conclusions from our audit.

### OBSERVATIONS AND RECOMMENDATIONS

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#### APPROVALS

##### *Summary of Findings*

11. We found:

- 12 of the 21 programs were not approved by either Treasury Board or Executive Council prior to the programs being announced to the public.
  - Treasury Board approved program eligibility criteria and budgets; however, Treasury Board approval was not obtained to increase the budgets for three programs that exceeded their original budgets.
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#### Emergency Contingency Fund

12. Section 35 of the *Financial Administration Act* (FAA) states that no expenditures may be incurred in any fiscal year unless provided for in an appropriation vote, which are the total funds made available to each department and Crown corporation during a fiscal year. These amounts are approved through the annual *Appropriation Act* which is authorized by the Legislative Assembly.

13. Special warrants are used when the Legislative Assembly is not in session, and funds are needed for operations in addition to amounts that were included in the *Appropriation Act*. Unlike appropriation acts, which require the approval of the Legislative Assembly, special warrants must be approved by the Lieutenant Governor in Council through an Order-in-Council.

**14.** Section 2 of the FAA states that Treasury Board shall act for Executive Council in relation to financial management, including expenditures. On March 16, 2020, based on a submission from the Department of Finance, Treasury Board agreed to recommend to Executive Council the establishment of a \$25 million Emergency Contingency Fund to support Island workers, including self-employed and small businesses, who were affected by COVID-19. Two subsequent recommendations were made by Treasury Board to Executive Council to increase the fund to \$40 million on April 8, 2020, and to \$75 million on April 22, 2020.

**15.** The \$75 million Emergency Contingency Fund was partially approved through a special warrant with the remainder being included as part of the *Appropriation Act (Current Expenditures 2020)*. A special warrant, in the amount of \$50 million, was approved by Executive Council on May 14, 2020. The remaining \$25 million was approved as part of General Government's budget for the 2020-21 fiscal year.

**16.** The traditional 2020 spring sitting of the Legislative Assembly was scheduled to commence on April 7, 2020, but was suspended by the Speaker of the Legislative Assembly on March 18, 2020 due to the gathering restrictions imposed by the Chief Public Health Office. The Legislative Assembly was recalled on May 26, 2020, delaying the normal approval timeline required for these expenditures until June 17, 2020.

**17.** Although this timeline for approvals is not in accordance with the FAA, public health precautions were of the utmost importance. The delays in obtaining approvals occurred due to the urgency of providing financial supports to Islanders and businesses, and the measures taken by Government and the Legislative Assembly because of the State of Public Health Emergency.

### Programs

**18.** After government announced the Emergency Contingency Fund, programs to assist individuals and businesses in dealing with the financial impacts of COVID-19 began to be announced very quickly by various departments and Crown corporations. See **Appendix E** for the timeline of these programs.

**19.** Treasury Board should have approved all financial support programs, including program details such as budgets, eligibility criteria,

and deadlines, prior to the implementation of programs. Any subsequent changes made to the program details would also require Treasury Board approval. These changes would include changes to eligibility criteria and increases to the approved budgets.

### **All programs approved by Treasury Board, but not always before public announcement**

**20.** We found that 12 of the 21 programs were not approved by either Treasury Board or Executive Council prior to the programs being announced to the public. However, in all cases, the programs did eventually receive Treasury Board approval.

### **Eligibility criteria approved by Treasury Board**

**21.** Program eligibility criteria are important to assess applicants, and help provide guidance to individuals and businesses on what programs they can apply for.

**22.** We found eligibility criteria were appropriately approved for all programs. The eligibility criteria for five programs were changed after the original announcement and Treasury Board approval of the programs. In all instances, the updated eligibility criteria were approved by Treasury Board.

### **Approval not always received for updated budgets**

**23.** All program budgets received Treasury Board approval; however, 10 of the 21 programs exceeded the original budget approved by Treasury Board. While Treasury Board approved updated budgets for the majority of the programs, approval was not obtained for the budget increase of three programs. The total amount in excess of the original budgets was approximately \$655,000 for all three programs.

**24.** Although there was a State of Public Health Emergency in effect when these programs were being developed and administered, it is still important that proper approvals be obtained for programs implemented by Government.



### PROGRAM DELIVERY

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#### *Summary of Findings*

**25.** The procedural documents for some financial support programs did not outline proper authorization levels or requirements for segregation of duties between those who processed applications, and those who reviewed and authorized payments.

**26.** For seven of the 21 programs, applicants were required to attest to eligibility criteria rather than submit documentation with the application. Only three of the seven programs have a documented plan for post payment verification. For two of the seven programs, some of the eligibility criteria was left out of the attestation statement. In addition, for three of seven programs, the information provided by some applicants indicated that they did not meet the required eligibility criteria; however, the funding was still provided.

**27.** We noted issues with the calculation of payment benefits and signing authority. Signed agreements between Government and third parties distributing funding were not in place for some programs. In seven of the 10 programs that required documentation to be submitted, there were instances where insufficient documentation was provided, or where the costs submitted with the application, were not eligible for the specific programs. However, the applications were still approved and funding was still provided.

**28.** For nine of the 21 programs, there was no documentation available to indicate that a quality review had occurred on application approvals or denials, and before payments were made to successful applicants.

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**29.** In emergency situations, it is of utmost importance that government provides support and services to those most in need quickly and efficiently. In doing so, programs and program procedures need to be developed and put into place at a much quicker pace than normal; however, existing government policies should still be followed.

**30.** We examined each of the 21 financial support programs in our audit to determine if they were implemented following existing government policies and in accordance with approved program procedures.

### **Documented and approved program procedures**

**31.** Program delivery procedures should be documented and approved to provide guidance to staff who are responsible for processing and approving funding applications. Having these reference documents available reduces the risk that staff apply eligibility criteria inconsistently or incorrectly, and reduces the risk of errors.

**32.** Where there was a requirement for the funding application to be assessed for eligibility, we looked to see if there were documented and approved procedures. This was especially important during a situation like the State of Public Health Emergency due to COVID-19, where many government employees were working from home and new programs were being developed quickly.

**33.** We expected these procedures to include the program eligibility criteria, application deadlines, minimum and maximum funding amounts, required supporting documentation, as well as details on segregation of duties for processing the application. This would include a listing of staff authorized to process the application, as well as those authorized to review and approve the payments of the financial supports. We also expected the documented procedures to agree to what was approved by Treasury Board for each program.

### **Change made to program without approval**

**34.** Of the 21 programs, 16 of these programs involved an application process warranting a procedural document. Of these 16 programs, all had documented and approved procedures. In all cases except one, these procedures agreed to the program information approved by Treasury Board. In this single instance, a change was made from the original Treasury Board approval in how the funding would be allocated between the department administering the program and external stakeholders. Although the change did not have a significant impact on the budget of the program, it should have been brought forward to Treasury Board for approval before it was implemented.

### **Lack of authorization and segregation of duty procedures documented**

**35.** Section 6.07 of Treasury Board Policy states that “a basic expenditure control principle is that there must be two officials involved in each transaction - one who prepares the document and one who authorizes

it.” Procedures for six of the 16 programs did not outline authorization levels or requirements for segregation of duties between those who processed applications and those who reviewed and authorized payments. For one of the programs, the same person processed the majority of the applications in our sample from beginning to end. This means that in these instances, no secondary review occurred before payments were made to applicants. Segregation of duties is a key internal control and can identify errors in applications and payments, by requiring more than one individual to complete a process.

### Program eligibility

**36.** In seven of the 21 financial support programs, applicants were required to attest that they had reviewed, understood, and met the specific eligibility criteria prior to submitting their applications. Departments would rely on this attestation to assess the eligibility for these programs. Examples of criteria applicants attested to included: residency, age, loss of income due to the pandemic, and ineligibility due to receiving other provincial/federal supports. **Appendix F** identifies those programs which required applicants to attest to their eligibility.

**37.** Applicants were informed that they were required to keep supporting documentation for up to three years, as proof of their eligibility, rather than submitting the supporting documentation with their application. This process allowed departments and Crown corporations to process applications more efficiently and simplified the process for applicants; a practice that was used by similar pandemic related financial support programs across the country. For example, it was the same process followed by the federal government when delivering the Canadian Emergency Response Benefit (CERB).

### **Attestations did not always include all eligibility criteria**

**38.** Although using attestation is an acceptable approach for processing applications, it is important that applicants are aware of all eligibility requirements before applying for supports. Of the seven programs requiring attestation, we noted two where some of the eligibility criteria was not included in the attestation statement. This increases the risk of unintentional misrepresentation by applicants, as they may not realize there were eligibility criteria that they did not meet.

### **Funding provided although applicant did not meet criteria**

**39.** In three of the 21 programs, although applicants attested that they met all eligibility criteria, the information provided by the applicant indicated that they did not meet all eligibility criteria; however, the funding was still provided to the applicant. An example of this was where applicants stated they were receiving funding through other government programs, although the program criteria clearly stated that individuals receiving support through other government programs were not eligible.

### **Insufficient documentation submitted for some programs**

**40.** In 10 of the 21 financial support programs, applicants were required to submit documentation with their application, prior to the application being processed by the department or Crown corporation. In seven of these 10 programs, we noted instances where insufficient documentation was provided, or the costs submitted with the application were not eligible through the specific programs. Even with these shortcomings, applications were still approved and funding was provided.

### **Payment calculations and contracts**

### **Errors in payment calculations**

**41.** We noted instances of errors in the calculation and payment of benefits for two of the programs. In these instances, the calculations were completed by government employees who took the information from the applicant and determined the amount to be funded under the program. For one of the programs, there were errors in calculations for 60 percent of the applications in our sample. The errors included underpayments and overpayments with the largest error being an overpayment of \$17,500.

### **Payments and contracts not appropriately authorized**

**42.** Section 6.07 of Treasury Board Policy requires anyone authorizing payments to have signing authority delegated by the Deputy Minister responsible for the specific department. Further, payments can only be authorized up to the signing authority delegated. Proper signing authorization is essential to ensure that decisions within the government department or Crown corporation are approved at the appropriate management level. It also helps to ensure that sufficient and appropriate documentation exists to support the recording of the funding request, the approval, and the disbursement of funds.

43. Two of the programs used the same database system to administer the programs, including processing payments. Although we were informed that payment approvals occurred electronically, we were not able to verify the approvals for these payments in the system. We inquired with management and staff administering each program, but they could not determine how to obtain this information. Therefore, for these two programs we were unable to determine if payments were appropriately approved.

44. We noted issues with signing authority with two of the 21 programs:

- instances where one person was approving payments although they had not been delegated signing authority by the Deputy Minister in accordance with Treasury Board Policy; and
- instances within one program, where eleven contracts for over \$100,000, were approved by the Deputy Minister, although Treasury Board approval was required.

45. One program awarded contracts in amounts which would have normally required a publically advertised tender. Due to the pandemic, and the emergency measures which were in place at the time, legislation allowed for these contracts to be exempt from tendering if documented approval was obtained from the Deputy Minister. We were not provided with documentation to indicate that Deputy Minister approval had been obtained for the use of this exemption.

### **No documented agreements with third parties distributing funding**

46. Funding agreements are important to outline expectations and document roles and responsibilities for all parties. The programs funded by the Emergency Contingency Fund were to be used to help individuals and businesses negatively impacted by the pandemic. It is important that Government use these funds for that purpose only.

47. Although most programs reviewed were administered by a department or Crown corporation, two of the 21 programs were administered by four separate third parties, in partnership with Government. These partnerships were established to help identify those most in need of supports. Of these programs, we noted three of the four

third parties did not have signed agreements with Government. Without an agreement, there is no requirement for the third parties to maintain records in relation to the program or report back to Government on how the program funding was distributed. There is also no audit clause to allow Government to determine if the funds were spent as intended.

### Quality reviews

#### **Lack of documented quality reviews**

**48.** A thorough quality review would verify the applicant's eligibility, or ineligibility, based on the established criteria for the program, and ensure that required documentation had been received from the applicant. For nine of the programs, there was no documentation available to indicate a quality review occurred on application approvals or denials, or before payments were made to successful applicants. Many of the situations noted previously, such as errors in calculations or lack of documentation, could have been identified if a quality review process had been implemented.

### Post payment verification

**49.** By relying on attestations to process applications efficiently in a State of Public Health Emergency, the risk of ineligible claims is increased. Often, the benefits of quickly getting financial assistance to those individuals and businesses in need outweigh this risk. For financial support programs, especially those that are processed using primarily attestations by applicants, post payment verification should occur. Post payment verification would operate like an internal audit, whereby a sample of payments made under the program would be examined for key supporting documentation to confirm eligibility.

#### **Lack of post payment verification plans**

**50.** Of the seven programs that processed applications based on applicant attestations, only three have a documented plan for post payment verification, as of the date of this report (see **Appendix F**). Treasury Board has not yet made a decision to implement a post verification process for the programs funded through the Emergency Contingency Fund.

### MONITORING AND REPORTING

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#### *Summary of Findings*

**51.** Updates on the total expenditures, as well as the number of applications for each program, were provided to Treasury Board on a regular basis. Formal assessments to determine the success of individual programs have been developed for only eight of the 21 programs.

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**52.** The money used to support the COVID-19 response in the Province was significant. For the financial support programs covered in this report, there were approximately \$38.6 million in expenditures as of the date of this report. Given the large dollar amount, the quickness of the response, and the high impact of the financial support programs on the lives of Islanders and businesses, we expected there to be a process in place to monitor and report on the amount of funds spent. We expected assessments to be conducted to measure the effectiveness, or impact, of the financial support programs.

#### **Program expenditures reported regularly**

**53.** Treasury Board assigned administrative responsibilities for the financial support programs to departments and Crown corporations, which would accept, process, and authorize applications as well as make payments. We found that updates on the total expenditures, as well as the number of applications for each program, were provided to Treasury Board on a regular basis. Treasury Board assigned a central accounting code to be used to record all COVID-19 related expenditures. The use of one accounting code was meant to help track the total expenditures being made.

**54.** Financial support programs offered through the Province's COVID-19 response should be assessed to determine whether the financial supports programs met the objectives and had the intended impact. To complete these assessments, it is important that key performance measures be established and relevant data be collected to assess performance.

### **A need for formal assessments for all programs**

**55.** Eventually in an emergency, such as a pandemic, the event is considered over. Those managing the programs developed to address the immediate needs, should take a step back and consider lessons learned from a preparedness perspective, and whether the risk of providing support to ineligible applicants was appropriately mitigated.

**56.** At the time of this audit report, formal assessment plans have been developed for eight of the 21 programs. These plans were developed by the individual departments and Crown corporations which administered the programs, and generally take into account factors such as total expenditures, updates on performance against key indicators, as well as a summary of feedback from stakeholders. The remaining 13 programs do not have assessment plans.

**57.** It is important that all financial support programs be assessed to determine how each program performed against its goals. Assessments also provide the opportunity for reflection and learning on what worked, and did not work, when dealing with future emergency situations.

## **CONCLUSION**

**58.** Overall, we concluded that the Province of PEI obtained appropriate authorizations for financial support programs initiated in response to COVID-19, but there were weaknesses identified in the oversight and controls over the disbursements made under these programs.

**59.** The following weaknesses were identified:

- Treasury Board approval was not obtained when budgets were exceeded for three of the programs;
- Program procedures for some programs did not outline proper authorization levels, or requirements for segregation of duties, between those who processed applications and those who reviewed and authorized payments;
- Applicants were not always required to attest to all eligibility criteria;
- Funding was sometimes provided even though the applicant did not meet all eligibility criteria, or insufficient documentation was submitted;



## COVID-19 Financial Support Programs - Phase I

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- Two programs had errors in payment calculations, one of which had errors for 60 percent of applications in our sample;
- Payments and contracts were not always appropriately authorized;
- There were no documented agreements with some third parties which distributed funding;
- For most programs there was no documentation available to indicate a quality review had occurred;
- There is a lack of post payment verification plans for four of the seven programs which processed applications based on attestations; and
- Formal program assessment plans have not been developed for 13 of the 21 programs.

Recognizing the State of Public Health Emergency the Province was facing, we focused on three key areas that warranted recommendations to Government. We plan to follow up on these recommendations within 12 months of this report.

### MANAGEMENT'S RESPONSE

Implementing a COVID-19 response program was a significant undertaking for Government. The response was first and foremost a public health response to ensure that Islanders were safe and had the best chance to recover quickly from the virus. A secondary goal was to support individuals, businesses, sectors and industries that experienced economic and social impacts.

With uncertainty around delivering services during the early days of the pandemic, Government was aware that the response had to be communicated to Islanders clearly and in a timely fashion. Programs must be responsive and respect the legislative framework working within approved budgets. Through the use of existing government contingencies and an approved special warrant, Government believes that it provided transparency and accountability for programs delivered and the actions taken.

In developing a response, Government believes that a balance was achieved in delivering programs swiftly while maintaining appropriate administrative processes. At times programs were developed with a sense of urgency without the ability to wait and see what, if any, Federal program may be forthcoming. And in other instances, the programs offered by Government were designed to complement the programs implemented by the Federal Government. In all cases, these programs were delivered by many dedicated civil servants across many departments and agencies. Islanders should be proud of the efforts of the public service who delivered the programs under challenging and uncertain times.

The COVID-19 programs are continuing, and the information provided through this audit will serve as a first report on the successes while identifying areas for improvement. Government would like to thank the Auditor General and his staff for carrying out this important audit providing a first assessment of the COVID-19 Financial Support programs.

Following is our management response with respect to the three recommendations in this report on Phase I of your audit of the COVID-19 response.

<b>RECOMMENDATIONS</b>	<b>MANAGEMENT’S RESPONSE</b>
<p><b>Recommendation 1</b> Treasury Board should follow up with all departments and Crown corporations, even those not involved with this audit, to ensure they understand the requirement to follow Treasury Board Policy, specifically requirements related to budgeting and financial management and contracts.</p>	<p>Treasury Board Secretariat staff work regularly with Departmental staff to provide education on the requirements contained in Treasury Board Policies and assist with developing appropriate systems of internal controls. While the pandemic presented departments with a unique set of circumstances, there were instances identified through this audit that will warrant additional follow-up and further education and discussion. Government commits to providing the information and education necessary in order to improve financial management, budgeting and contracts.</p>
<p><b>Recommendation 2</b> Treasury Board and Executive Council should require departments and Crown corporations that disbursed COVID-19 financial support payments based on applicant attestation, to develop and implement post payment verification work.</p>	<p>When developing the programs needed during the early days of the pandemic, Government was required to determine how much information from applicants was necessary in order to have comfort prior to providing a payment. One approach used in some program designs was an applicant attestation. The attestation would indicate that the applicant met the criteria for the program and the funding provided by the program. Government agrees that some form of post payment follow-up is important. Government has already completed follow-up for a number of programs to confirm that payments were made to eligible applicants. This work will continue over the next number of months.</p>
<p><b>Recommendation 3</b> Treasury Board and Executive Council should conduct a formal assessment of the delivery of the COVID-19 financial support programs and apply the findings of this assessment to the design and delivery of future government emergency programs.</p>	<p>Government will be developing an evaluation framework for the overall response to the COVID-19 pandemic. In developing the framework there may be programs that will require a comprehensive assessment. A goal for Government is to continue to improve emergency management processes. The lessons learned from dealing with past emergencies like Hurricane Dorian were applied when dealing with the situations presented during the current pandemic. The results of the evaluation will assist government to continue improving our emergency management processes.</p>

**AUDIT 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 Province of PEI obtained appropriate authorizations for financial support programs initiated in response to COVID-19, and maintained appropriate oversight and controls over disbursements made under these programs.

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 applies the Canadian Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control, 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 Province of PEI obtained appropriate authorizations for financial support programs initiated in response to COVID-19, and maintained appropriate oversight and controls over disbursements made under these programs.

We developed a number of criteria to assess whether the departments and Crown corporations had met this objective. These criteria are listed in **Appendix C**.

Criteria were primarily based on literature review of widely used practices and criteria used by other legislative audit offices, as well as legislation and policies. Management accepted the relevance and suitability of the criteria used in the audit.

In accordance with our regular audit process, we obtained the following from management:

- confirmations of Executive Councils responsibility for the subject;
- 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 period of our audit was from March 16, 2020 to March 31, 2021. See **Appendix D** for the listing of the financial support programs tested, as part of the first phase of this audit work. We examined documentation outside that period as necessary.

Our approach included:

- Testing samples of successful and denied applications for each financial support program (See **Appendix F** for total sample size for each program);
- Interviewing management and staff responsible for administering each financial support program;
- Examining Treasury Board minutes and Executive Council Decisions and minutes;
- Reviewing policy and procedure documents relevant to each financial support program; and
- Reviewing reports and other documentations as required.

Exclusions from the scope of our audit of Phase I financial support programs included:

- Deferral Programs - Various deferral programs associated with the Emergency Contingency Fund as they were not true expenses, but rather a deferral of provincial revenues. An example of this was deferring the due

date for payment of all 2020 property taxes in the province until December 31, 2020;

- Programs paid for through existing budgets - Various programs which related to COVID-19 were paid for through department's existing budgets; funds were available as a result of cost savings resulting from the shutdown of services from the global pandemic; and
- Employment program extensions - These are programs which occur annually, however the COVID Emergency Contingency Fund allowed for enhancements to these programs, creating additional job positions. These additional positions were combined with applicants from their existing budgeted programs.

It is important to note that our observations and conclusions relate only to the management practices of the departments and Crown corporations responsible for administering these financial support programs and consequently, our comments and conclusions do not pertain to the practices or performance of any third parties.

**DATE OF  
REPORT**

We obtained sufficient and appropriate audit evidence on which to base our conclusions on July 26, 2021, in Charlottetown, Prince Edward Island.

**AUDIT  
TEAM**

Auditor General: Darren Noonan

Directors: Jennifer Bowness  
Sheri Griffin

Managers/Auditors: Ryan Carr  
Tim Cook  
Jenna Dominey  
Arun Rooban

<b>AUDIT CRITERIA</b>
The Emergency Contingency Fund and all financial support programs initiated in response to Covid -19 were approved in accordance with relevant legislation and policies.
Applications for COVID-19 financial support programs were assessed in accordance with approved eligibility criteria and payments were appropriately authorized and disbursed.
Processes were established to monitor and report on the Covid-19 financial support programs.

## COVID-19 Financial Support Programs - Phase I

### APPENDIX D

#	Department	Financial Support Program	Announced Date	TB/EC*** Authorized	Program Approved by TB/EC*** Prior To Announcement Date	Approved Budget Amount \$	Amount Spent As Of July 26, 2021 \$	Number Of Applications	Number Of Approved Applications	Number Of Declined Applications
1	Innovation PEI	Emergency Income Relief Program-Self Employed	17-Mar-20	Yes	Yes	2,500,000	2,363,703	2,604	2,421	183
2		Business Adaptation Advice Program	2-Apr-20	Yes	No	4,500,000	4,459,685	2,183	2,020	163
3		Workspace Adaptation Assistance Fund	7-May-20	Yes	No	5,000,000	1,032,137	956	933	23
4	Department of Finance	Boxed Lunch for Truckers**	N/A	Yes	N/A	100,000	33,673	N/A	N/A	N/A
5	Department of Economic Growth, Tourism and Culture	Emergency Relief - Worker Assistance Program	19-Mar-20	Yes	No	2,000,000	1,382,100	302	280	22
6		COVID-19 Income Support Fund	1-Apr-20	Yes	No	7,500,000	6,441,000	8,803	8,585	218
7		COVID-19 Support for Essential Workers Earning \$3,000 or Less	7-May-20	Yes	Yes	16,700,000	14,318,538	1,181	1,168	13
8		Employee Gift Card Program	24-Mar-20	Yes	No	300,000	787,500	10,569	10,500	69
9		Community Champions Gift Card Program*	2-Apr-20	Yes	No	225,000	252,000	3,270	3,270	0
10	Department of Agriculture and Land	PEI Potato Board	23-Apr-20	Yes	Yes	4,718,000	1,383,088	N/A	N/A	N/A
11	Agriculture and Land	Agricultural initiatives	N/A	Yes	No	255,000	227,121	N/A	N/A	N/A
12		Islanders Helping Islanders	8-Apr-20	Yes	No	97,100	73,722	N/A	N/A	N/A
13	Department of Transportation and Infrastructure	Accommodations for Truck Drivers	9-Apr-20	Yes	No	504,300	504,300	N/A	N/A	N/A
14		Special Situations Fund	2-Apr-20	Yes	No	1,000,000	774,373	924	480	444*
15		Coach Atlantic Maritime Bus**	N/A	Yes	Yes	35,600	35,600	N/A	N/A	N/A
16	Department of Social Development and Housing	Covid-19 Emergency Response and Support to Community Groups and Non-Governmental Organizations*	17-Mar-20	Yes	Yes	500,000	500,000	N/A	N/A	N/A
17		Temporary Rental Assistance Benefit	30-Mar-20	Yes	Yes	1,500,000	1,642,894	1,872	1,650	222
18		School Food Program	31-Mar-20	Yes	No	599,700	243,555	N/A	N/A	N/A
19	Department of Education and Lifelong Learning	Economic Support For Student Program and Research Fund	14-Apr-20	Yes	No	170,000	170,000	N/A	N/A	N/A
20		Emergency Relief to Childcare Centers & Essential Workers	18-Mar-20	Yes	Yes	2,675,000	1,321,610	N/A	N/A	N/A
21		Childcare Allowance	15-May-20	Yes	Yes	960,000	636,095	N/A	N/A	N/A
						\$51,839,700	\$38,582,694			

\*Note for Special Situations Fund, declined applications include applicants who were referred to other programs that they were eligible for.

\*\*Programs were not officially announced, but commenced after Treasury Board's approval.

\*\*\*TB = Treasury Board; EC = Executive Council



### COVID-19 TIMELINE

#### March 16, 2020

- Declaration State of Public Health Emergency
- Establishment of Emergency Contingency Fund For \$25 million

#### March 17, 2020

- Innovation PEI - Emergency Income Relief Program-Self Employed
- Social Development and Housing - COVID-19 Emergency Response and Support to Community Groups and Non-Governmental Organizations\*

#### March 19, 2020

- Economic Growth, Tourism and Culture - Emergency Relief - Worker Assistance Program

#### March 20, 2020

- Education and Lifelong Learning - Emergency Relief to Childcare Centers and Childcare for Essential Workers

#### March 24, 2020

- Economic Growth, Tourism and Culture - Employee Gift Card Program

#### March 27, 2020

- Social Development and Housing - Temporary Rental Assistance Benefit

#### March 31, 2020

- Social Development and Housing - School Food Program

#### April 1, 2020

- Economic Growth, Tourism and Culture - COVID-19 Income Support Fund

#### April 2, 2020

- Innovation PEI - Business Adaptation Advice Program
- Economic Growth, Tourism and Culture - Community Champions Gift Card Program
  - Transportation and Infrastructure - Special Situations Fund

#### April 8, 2020

- Increase of Emergency Contingency Fund to \$40 million
- Agriculture and Land - Island Producers Helping Islanders

#### April 9, 2020

- Transportation and Infrastructure - Accommodations for Truck Drivers

#### April 14, 2020

- Education and Lifelong Learning - Economic Support for Student Program and Research Fund

#### April 22, 2020

- Increase of Emergency Contingency Fund to \$75 million
  - Finance - Boxed Lunches for Truckers\*
  - Agriculture and Land - Agricultural Initiatives\*

#### April 23, 2020

- Agriculture and Land - PEI Potato Board

#### May 7, 2020

- Innovation PEI - Workspace Adaptation Assistance Fund
- Economic Growth, Tourism and Culture - COVID-19 Support for Essential Workers Earning \$3,000 or Less

#### May 14, 2020

- Special warrant approved by Executive Council for \$50 million

#### June 17, 2020

- *Appropriation Act (Current Expenditures 2020)*

#### July 9, 2020

- Transportation and Infrastructure - Coach Atlantic - Maritime Bus

\*These programs had no official announcement dates. Approval dates from Treasury Board minutes were used as approximate announcement dates.

**COVID-19 Financial Support Programs - Phase I**

**APPENDIX F**

#	Department	Financial Support Program	Eligibility Criteria Agreed To Treasury Board Approval	Eligibility Criteria Aligned With Intended Use	Applicants Were Required To Submit Supporting Documentation	Applicants Were Required To Attest To Eligibility Criteria	Process For Post Payment Verification	Formal Assessment Plan Developed	Sample Size
1	<b>Innovation PEI</b>	Emergency Income Relief Program-Self Employed	Yes	Yes	Yes	No	Not Required	Yes	42
2		Business Adaptation Advice Program	Yes	Yes	Yes	No	Not Required	Yes	18
3		Workspace Adaptation Assistance Fund	Yes	Yes	No	Yes	Yes	Yes	11
4	<b>Department of Finance</b>	Boxed Lunch for Truckers	Yes	Yes	N/A	N/A	Not Required	No	1
5	<b>Department of Economic Growth, Tourism and Culture</b>	Emergency Relief - Worker Assistance Program	Yes	Yes	No	Yes	Yes	No	21
6		COVID-19 Income Support Fund	Yes	Yes	No	Yes	Yes	No	97
7		COVID-19 Support for Essential Workers Earning \$3,000 or Less	Yes	Yes	Yes	No	Not Required	No	128
8		Employee Gift Card Program	Yes	Yes	N/A	Yes	No	Yes	17
9		Community Champions Gift Card Program*	N/A	N/A	No	Yes	No	Yes	2
10	<b>Department of Agriculture and Land</b>	PEI Potato Board	Yes	Yes	Yes	N/A	Not Required	Yes	9
11		Agricultural initiatives	Yes	Yes	Yes	N/A	Not Required	Yes	2
12		Islanders Helping Islanders	Yes	Yes	Yes	N/A	Not Required	Yes	3
13	<b>Department of Transportation and Infrastructure</b>	Accommodations for Truck Drivers	Yes	Yes	N/A	N/A	Not Required	No	5
14		Special Situations Fund	Yes	Yes	No	Yes	No	No	20
15		Coach Atlantic Maritime Bus	Yes	Yes	N/A	N/A	Not Required	No	1
16	<b>Department of Social Development and Housing</b>	Covid-19 Emergency Response and Support to Community Groups and Non-Governmental Organizations	N/A	N/A	No	N/A	Not Required	No	4
17		Temporary Rental Assistance Benefit	Yes	Yes	Yes	N/A	Not Required	No	33
18		School Food Program	Yes	Yes	Yes	N/A	Not Required	No	6
19	<b>Department of Education and Lifelong Learning</b>	Economic Support For Student Program and Research Fund	No	No	No	N/A	Not Required	No	2
20		Emergency Relief to Childcare Centers & Essential Workers**	Yes	Yes	Yes	Yes	No	No	31
21		Childcare Allowance	Yes	Yes	Yes	N/A	Not Required	No	12

\*Gift cards were distributed to vulnerable populations. No formal assessments were made when distributing cards.

\*\*A portion of this program did not require post payment verification.

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