



Office of the Auditor General
Prince Edward Island

News Release

For Immediate Release

Auditor General identifies recurring financial issues and heightened risks to PEI's fiscal sustainability

Charlottetown, PE, February 26, 2026 - In its latest Annual Report to the Legislative Assembly, the Office of the Auditor General has identified significant issues and provided recommendations based on the audit of Government's consolidated financial statements for the fiscal year that ended on March 31, 2025.

58% of issues from the audit of the consolidated financial statements were recurring.

"When we see the same issues arising, it signals longer periods of unaddressed risk," said Darren Noonan, Auditor General. "If these issues continue without action, the province becomes more vulnerable to preventable errors and compliance failures."

Key issues auditors identified included:

- A fraudulent payment issued, resulting in a \$98,000 loss
- PEI remaining the only province without an internal audit function
- Significant unused vacation time for some provincial employees
- Funding provided with no Treasury Board approval or funding agreement
- Significant errors in disclosures of contractual rights and obligations
- Social programs overpayments continuing to be found
- Extensive use of special warrants, including violation of the Financial Administration Act

Additionally, the Annual Report outlined key issues identified in annual financial statement audits for various government entities, indicators of PEI's financial condition, and an independent analysis of PEI's fiscal sustainability.

In recent years, the Office has called attention to the province's current fiscal state and the financial burden that increasing debt levels may place on future generations. Using Government's own figures, along with adjustments that reflect recent trends, the Office is projecting that net debt could double in the next five years.



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“By the end of March 2031, we anticipate that net debt per Islander could climb to approximately \$32,000—almost twice the current amount,” explained Elvis Alisic, Assistant Auditor General of Financial Audit.

The financial information presented in the Annual Report is a major resource for the public to understand where the province currently stands with its finances, and for legislators to hold Government accountable for its spending of taxpayers’ money.

“In providing this important data and context, we sincerely hope to see improvements made in public sector fiscal management,” said Noonan.

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