



AUDITOR GENERAL
Prince Edward Island

Report to the Legislative Assembly
January 2023



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 this Report from the Office of the Auditor General
of Prince Edward Island to the Legislative Assembly.

Respectfully submitted,

Darren Noonan, CPA, CA
Auditor General

Charlottetown
Prince Edward Island
January 11, 2023

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Introduction

Report Overview

The *Audit Act* provides the Office of the Auditor General with the authority to report more than once annually. This report is not our Office’s Annual Report, which will be tabled in the coming months.

The Office of the Auditor General of Prince Edward has a long history of serving Islanders. We conduct independent audits and examinations that provide objective information, advice, and assurance to the Legislative Assembly. We promote accountability and best practice in government operations.

The Office serves Members of the Legislative Assembly with integrity and independence, which is the foundation of our work. We strive to make a positive difference for Islanders.

I would like to thank the departments and government organizations that assisted us in completing our work. We continue to encourage senior government officials to implement our recommendations, which are important for improving the efficiency and effectiveness of government.

FOREST MANAGEMENT HIGHLIGHTS

Why we did this Audit

- The Province's most recent *State of the Forest Report* found that forests represent approximately 250,000 hectares, or approximately 44 percent of the total area of Prince Edward Island; 33,000 hectares of public land is managed by the Department of Environment, Energy, and Climate Action.
- Forests provide a wide range of environmental, economic and social benefits. Forests are fundamental to the livelihood and ceremonial practices of our Indigenous communities.
- It is important that strong forest management practices be in place to safeguard forests so that Islanders can benefit from them now and into the future.
- It is important that the biomass used to heat public buildings be harvested using sustainable forest practices.

Objectives

- To determine whether the Department of Environment, Energy and Climate Action manages Public Forest Lands in accordance with legislation and policies.
- To assess whether the Department of Environment, Energy and Climate Action monitors the sustainability of wood harvested for biomass to heat public buildings.

Conclusions

- The Department of Environment, Energy and Climate Action does not manage Public Forest Lands in full accordance with legislation and policies.
- The Department of Environment, Energy and Climate Action has not monitored the sustainability of wood harvested for biomass to heat public buildings.

Audit Scope Period: December 1, 2018 to March 31, 2022

What we Found

Forest Policy	<ul style="list-style-type: none">○ The Province's Forest Policy does not include all elements required by the <i>Forest Management Act</i>.○ There have been no reviews or updates made to the Forest Policy since 2006. RECOMMENDATIONS 1.20 & 1.24
<i>State of the Forest Report</i>	<ul style="list-style-type: none">○ The two <i>State of the Forest Reports</i> which have been issued since the original <i>State of the Forest Report</i> in 1992, were not issued within the timelines established in the <i>Forest Management Act</i>. RECOMMENDATION 1.32
Forest Management Plans and Forest Operations Plans	<ul style="list-style-type: none">○ Forest management plans and forest operations plans are not in place for public forest districts in the province. RECOMMENDATIONS 1.37 & 1.38
Woodlot Management Plans	<ul style="list-style-type: none">○ Woodlot management plans were not reviewed and revised as necessary in accordance with the Eco-manual.○ Only 59 percent of the treatments in the woodlot management plans we sampled had evidence of post treatment assessments being completed. RECOMMENDATIONS 1.50 & 1.51
Biomass	<ul style="list-style-type: none">○ The Department of Environment, Energy and Climate Action has not completed post-harvest audits on biomass harvest sites where the biomass was used to heat public buildings. RECOMMENDATION 1.60

1. Forest Management

Why it's important

Natural Resources Canada states “forest management planning is one of the primary tools used to ensure that the country’s publicly owned forests remain healthy and vibrant”. They provide a wide range of environmental, economic and social benefits. Forests are fundamental to the livelihood and ceremonial practices of our Indigenous communities.

The Province’s most recent *State of the Forest Report*, issued in 2013, found that forests represent approximately 250,000 hectares, or approximately 44 percent of the total area of Prince Edward Island. The health of our forests can change frequently due to fires, climate change and extreme weather events. Strong forest management practices can safeguard forests so that Islanders can benefit from them now and into the future.

What we found

The Department of Environment, Energy, and Climate Action does not manage Public Forest Lands in full accordance with legislation and policies. Also, the Department of Environment, Energy, and Climate Action has not monitored the sustainability of wood harvested for biomass to heat public buildings.

Some of the key weaknesses we identified during the audit were:

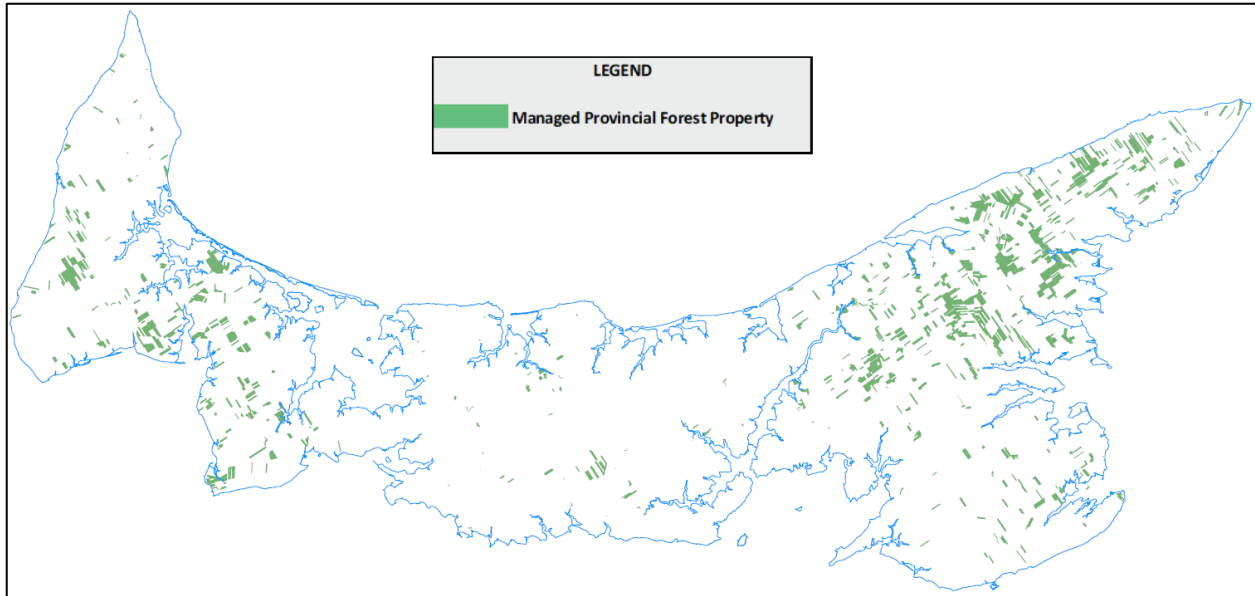
- The Forest Policy has not been formally reviewed or updated since its release in 2006.
- The Province’s Forest Policy does not include all elements required from the *Forest Management Act*.
- The two *State of the Forest Reports*, which have been issued subsequent to the original in 1992, were not issued in accordance with the timelines established in the *Forest Management Act*.
- Forest management plans and forest operations plans have not been developed for public forest districts
- Post-harvest audits for biomass harvest sites were not completed.

We have made 8 recommendations to the Department of Environment, Energy, and Climate Action (the Department). The recommendations and responses from the Department are included in **Appendix A**.

BACKGROUND

- 1.1 According to Section 9 of the *Forest Management Act*, the Minister of Environment, Energy and Climate Action is responsible for the conservation, utilization, protection and integrated management of public forest lands including:
- harvesting, regeneration and improvement of the timber resource;
 - utilization of public timber resources for the best end use;
 - protection of timber resources from fire, insect and disease, and unlawful harvesting, damage or removal;
 - access to and travel on public forest lands;
 - conservation and or enhancement of wildlife resources utilizing public forest lands;
 - protection of representative areas of the forest as forested natural areas; and
 - provision of forest recreation opportunities on public forest lands.
- 1.2 The Forest, Fish and Wildlife Division (the Division) of the Department has the mandate to contribute to: the environmental, social and economic wealth of PEI through the conservation, sustainable management and wise use of our forests, fish and wildlife resources. The Division's expenses were \$13.1 million for the year ended March 31, 2022.
- 1.3 The Division has four sections:
- Fish and Wildlife;
 - Production Development;
 - Resource Inventory and Modelling; and
 - Field Services.
- 1.4 The Field Services Section (the Section) manages 33,000 hectares (1 hectares=2.47 acres) of public land, representing over 1,400 parcels of land. The Section also provides technical and financial support to private landowners who wish to implement sustainable forest management practices, and leads the Province's forest fire suppression efforts.
- 1.5 The Section's expenses were \$3.2 million for the year ended March 31, 2022. **Exhibit 1.1** highlights the location of provincial forests managed by the Field Services Section, which were the focus of our audit.

EXHIBIT 1.1
PROVINCIAL FORESTS
FOREST, FISH AND WILDLIFE DIVISION
DEPARTMENT OF ENVIRONMENT, ENERGY AND CLIMATE ACTION
MARCH 31, 2022

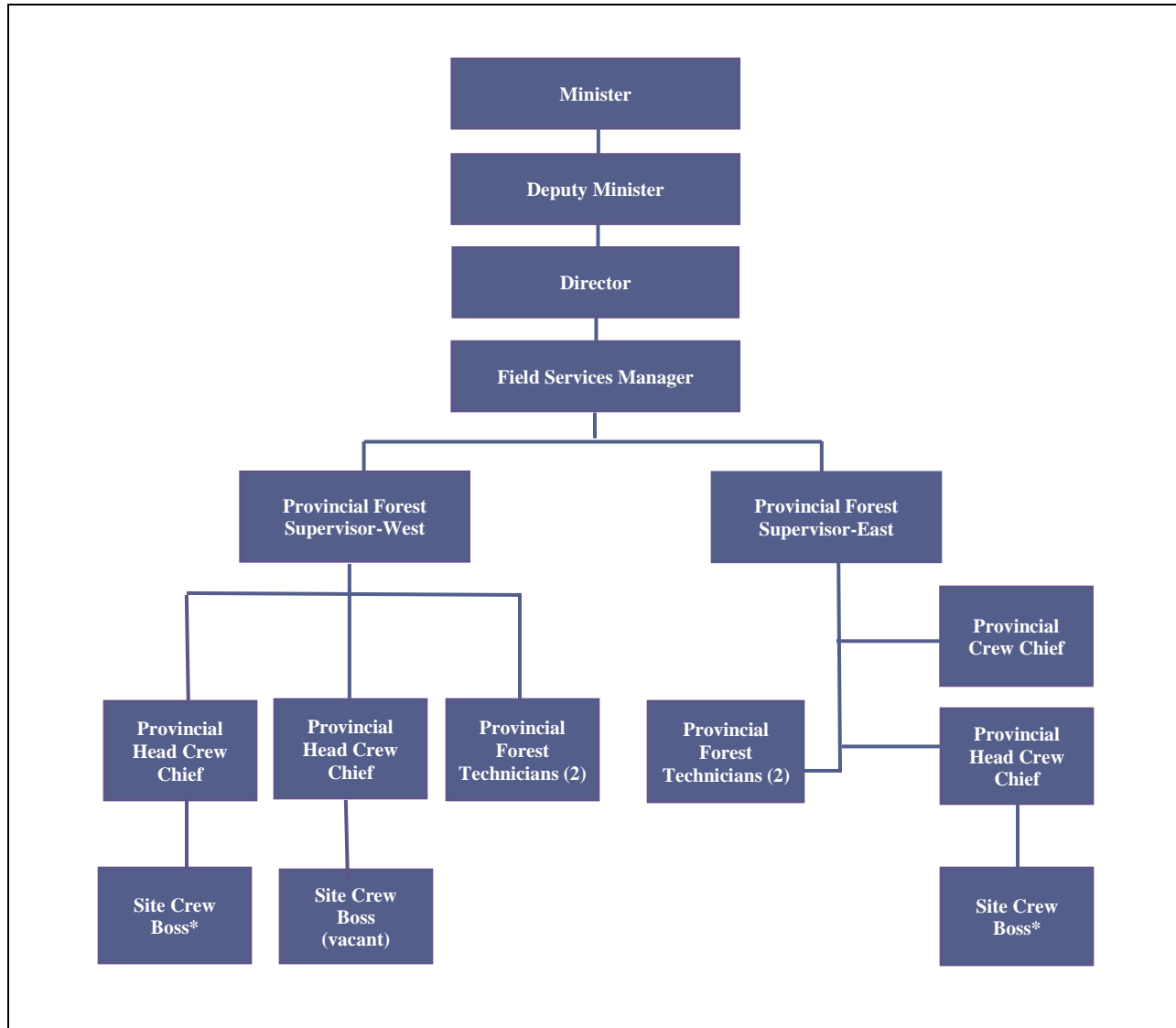


Source: Department of Environment, Energy and Climate Action

1.6 Forest crews within the Field Services Section work on public lands that require thinning, tree removal, and management for safety reasons, such as along trails and roads. Tree planting and maintenance of these plantations is a priority with thousands

of trees being planted each year in public forests. The Section also maintains a large area of trails. **Exhibit 1.2** shows the primary positions involved in the administration of the Field Services Section of the Forest, Fish and Wildlife Division.

**EXHIBIT 1.2
PUBLIC FOREST MANAGEMENT
FIELD SERVICES SECTION
FOREST, FISH AND WILDLIFE DIVISION
DEPARTMENT OF ENVIROMENT, ENERGY AND CLIMATE ACTION
AS AT MARCH 31, 2022**



*0.46 full time equivalent

Source: Department of Energy, Environment and Climate Action

1.7 In 2008, the Division developed the Ecosystem-based Forest Management Standards Manual (Eco-manual) to assist in the management of the forest in the Province. The Eco-manual is a technical document which provides guidelines for

forest professionals when planning and implementing forest treatments.

- 1.8 The objective of any treatment carried out in accordance with the Eco-manual is to improve the quality of the forest. The Eco-manual should be used to guide the practices of any forest professional working on publicly owned forests, and any private landowners who wish to receive provincial funding for forest enhancement projects on their land.
- 1.9 For a better understanding of the forestry terminology used in the audit report, please see the glossary of terms at **Appendix D**.

AUDIT OBJECTIVES AND SCOPE

- 1.10 The objectives of this audit were to determine whether the Department of Environment, Energy, and Climate Action
- manages Public Forest Lands in accordance with legislation and policies; and
 - monitors the sustainability of wood harvested for biomass to heat public buildings.
- 1.11 On September 24, 2022, Hurricane Fiona caused widespread damage and destruction to PEI's forest lands. Our audit scope period covered December 1, 2018 to March 31, 2022 and did not consider the effects or response to this catastrophic event.
- 1.12 Details on the audit standards, objectives and scope 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

FOREST POLICY

Summary of Findings

- 1.13 The Forest Policy does not include all required elements as specified in the *Forest Management Act*.
- 1.14 Since its release in 2006, there have been no reviews or updates made to the Forest Policy.
-
- 1.15 The Food and Agriculture Organization of the United Nations states that: "The development of forest policies has no beginning or end point." Forest policies are in place to protect forests and to balance the demands placed on our forests, with the need to maintain forest health and diversity.
- 1.16 Section 4(1) of the *Forest Management Act* requires the Minister of Environment, Energy and Climate Action to prepare a Forest Policy and provides specific requirements regarding what the policy must contain, including
- information on the growth, yield and utilization of the forest;
 - policy objectives and principles of management for forest lands; and
 - assessment strategy and actions to be employed to achieve those objectives.

The Forest Policy does not include all requirements in the *Forest Management Act*

- 1.17 A Forest Policy (the Policy) was prepared and released by the Department of Environment Energy and Forestry (currently the Department of Environment, Energy and Climate Action) in 2006. The Policy is available on the Department’s website. We examined the Forest Policy and found that it did not include all required elements as specified in the Act.
- 1.18 The Policy does not include information on the growth, yield and utilization of the forest. This information is important to help forecast the current and future availability of forest products and forest regeneration.
- 1.19 The Policy also does not include an assessment strategy to evaluate results achieved against the established forest management objectives. The Policy should outline relevant information to be collected and how this information should be used to determine where improvements are needed.

Recommendation

1.20 The Department of Environment, Energy, and Climate Action should include all information required under section 4(1) of the *Forest Management Act* in the Forest Policy for the Province.

- 1.21 Section 4(2) of the *Forest Management Act* states that “the Minister shall cause the Forest Policy to be reviewed by the Department and, if revisions are considered necessary based on this review, he/she may cause the revisions or the entire Forest Policy, to be reviewed publicly in such manner as may be prescribed by regulation”.

The Forest Policy has not been formally reviewed or updated for over 16 years

- 1.22 Although the Act does not explicitly state how often the Forest Policy should be reviewed, there have been no reviews or updates made to the Policy since its release in 2006.
- 1.23 Reviewing the Forest Policy on a regular basis allows for the changing needs and practices of forest management to be reflected in the Policy in a timely manner. Establishing timelines will help prioritize a regular review.

Recommendation

1.24 The Department of Environment, Energy, and Climate Action should review the Forest Policy in accordance with section 4(2) of the *Forest Management Act*. Timelines for regular reviews of the Forest Policy should be established.

STATE OF THE FOREST REPORT

Summary of Findings

- 1.25 The two *State of the Forest Reports*, which have been issued subsequent to the original in 1992, were not issued within the timelines established in the *Forest Management Act*: one was issued almost 14 months late, and the other issued almost five months late.
- 1.26 Section 6(1) of the *Forest Management Act* requires that the Minister monitor forest growth, and beginning in 1992, and every ten years thereafter, issue a *State of the Forest Report*. The first *State of the Forest Report* covered the period 1980-1990, giving the

Department two years to gather the required information and issue the report in 1992.

1.27 The *State of the Forest Report* is to include

- an inventory of the provincial forests identifying key information such as:
 - area of the forest by cover type;
 - volume of forest products available;
 - age distribution of the forest; and
 - an estimate of forest growth by product type that the forest can sustain, with and without management.
- a summary of forest management activities implemented during each year of the ten-year reporting period;
- an estimate of wood supply shortfalls or surpluses based on projections of forest growth and demand for forest products; and
- an outline of programs proposed to manage forests in the next reporting period.

1.28 This report is a key document in providing accountability and transparency regarding forest management practices in the Province. It is crucial for monitoring the changes in the forests in PEI.

State of the Forest Reports were issued late

1.29 At the time of our field work, we expected *State of the Forest Reports* to have been issued for the ten-year periods of 1990-2000, and 2000-2010. We expected that the reports would have been released by December 31, 2002 and December 31, 2012 respectively.

1.30 The *State of the Forest Reports* issued since 1992, were not issued within the timelines established in the *Act*. The report for 1990-2000 was issued almost five months late and the 2000-2010 report was issued almost 14 months late.

1.31 The next *State of the Forest* report covering the period 2010-2020 is due by the end of December 2022. Management have informed us that they do not expect this report to be released until the summer of 2023.

Recommendation

1.32 The Department of Environment, Energy, and Climate Action should provide *State of the Forest Reports* in accordance with the timelines established in the *Forest Management Act*.

FOREST MANAGEMENT PLANS AND FOREST OPERATIONS PLANS

Summary of Findings

1.33 Although required in the *Forest Management Act*, forest management plans, and forest operations plans are not in place for the public forest districts in the province.

1.34 The purpose of a forest management plan is to establish the goals of a specific forest area, and a plan to achieve these goals in a sustainable manner. Accompanying a forest management plan should be a forest operations plan. A forest operations plan is much more detailed and outlines the type, and extent, of work to be done, such as harvesting, work required to promote, or work required to expand the forest area.

1.35 Section 9 of the *Forest Management Act* states that “the Minister may divide public forest lands into districts” and that forest management plans and forest operations plans are to be prepared and made publicly

available for each forest management district established. **Exhibits 1.3** and **1.4** outlines the requirements for forest management plans and forest operations plans according to Section 9 of the *Forest Management Act*.

EXHIBIT 1.3
FOREST MANAGEMENT PLAN REQUIREMENTS
AS AT MARCH 31, 2022

A Forest Management Plan shall

- define the lands to which it applies and the purpose and scope of the plan for a twenty-year period;
- provide a general description of the forest land and its ownership for the area under consideration;
- provide an inventory of the forest for that forest management district;
- identify the protection needs of the forest;
- describe the silvics of the major species groupings which will be managed;
- identify biological, physical and legal constraints on the development of the forest;
- specify the twenty-year planning objectives for the forest management plan;
- state the management policy for Public forest land;
- specify management priorities for the Public forest land;
- set out the management strategy and programs for the Public forest land; and
- set out five year and twenty-year operational projections on silvicultural activities and estimates of their impact on supply of forest products and other values for a hundred-year period.

Source: *Forest Management Act*, section 9(4)(a)

EXHIBIT 1.4
FOREST OPERATIONS PLANS REQUIREMENTS
AS AT MARCH 31, 2022

A Forest Operations Plan shall

- cover a five-year period;
- identify the Crown properties on which management and silvicultural work are to be implemented in the first year of the plan;
- describe the amount and type of work to be undertaken in the following areas:
 - silviculture,
 - timber harvesting,
 - road construction and maintenance,
 - forest protection,
 - forest extension; and
- identify provisions made for multiple use of the forest.

Source: *Forest Management Act*, section 9(6)(a)

District forest management plans and forest operations plans not developed

1.36 We found that forest management plans and forest operations plans have not been developed by the Division to manage public forest districts. It is important that these plans be developed to set goals for the forests across the province, to focus on the management of the areas to reduce negative impacts, and to link actual operations to the goals and objectives of the Division.

Recommendations

1.37 The Department of Environment, Energy, and Climate Action should prepare forest management plans for public forests in accordance with sections 9(3) and 9(4) of the *Forest Management Act*.

1.38 The Department of Environment, Energy, and Climate Action should prepare forest operations plans for public forests in accordance with sections 9(5) and 9(6) of the *Forest Management Act*.

WOODLOT MANAGEMENT PLANS

Summary of Findings

1.39 Woodlot management plans are not reviewed and revised as necessary in accordance with the Eco-manual.

1.40 In the woodlot management plans we sampled, there were 22 treatments performed during our scope period. Of these treatments, only 59% percent had evidence of a post treatment assessment being completed.

1.41 As previously mentioned, there are no forest management plans and forest operations plans for public forest districts; however, the Section does prepare woodlot management plans for parcels of land it manages, where the need for an intervention has been identified.

1.42 These plans are based on the standards of the Eco-manual and are available on the Department's website. In the woodlot management plans, forest treatments are summarized to include the following:

- planned work by year;
- size of area to be worked on;
- reference to the Eco-manual standard;
- goals of the planned treatment; and
- information on the forest area to identify where the work is to be performed.

1.43 As at March 31, 2022, woodlot management plans had been prepared for 19% of the parcels of land the Section manages.

1.44 Forest management plans and forest operations plans are intended to be prepared for large areas of forest; however, woodlot management plans are designed for very specific areas of forest lands, usually individual parcels of land. We found the other significant difference to be the timeframe the plans cover. Forest management plans are completed for a 20-year period, woodlot management plans are completed for a 10-year period and operations plans are completed for a 5-year period. **Exhibit 1.5** illustrates these timelines for the different types of plans as noted in legislation and the Eco-manual.

**EXHIBIT 1.5
TIMELINES FOR PLANS**



Source: ¹Forest Management Act, section 9(4)(a)
²Ecosystem-based Forest Management Standards Manual
³Forest Management Act, section 9(6)(a)

1.45 The Eco-manual states that the operations included in a woodlot management plan should be planned over a ten-year period, and when necessary, be revised every five years. This helps ensure that planned treatments remain current and applicable to the public forest land being managed.

1.46 We examined 20 of these plans which had forest treatments scheduled during our scope period. We looked to determine whether the plans were monitored in accordance with the Eco-manual.

Woodlot management plans are not monitored and reviewed

1.47 Of the 20 woodlot management plans we examined, half of them were over five years old. In accordance with the Eco-manual, we expected plans over five years old to have been reviewed by the Section to determine if revisions were necessary. There was no evidence to support that these reviews occurred. In addition, four of these plans were between 10 and 11 years old and had not been updated.

1.48 The Eco-manual states that after forest treatments are performed, a post-treatment assessment should be completed to determine if the standards of the Eco-manual have been met.

Post-treatment issues noted

1.49 In the woodlot management plans we sampled there were 22 treatments performed during our scope period. Of these treatments, only 59 percent had evidence of a post treatment assessment being completed.

Recommendations

1.50 The Department of Environment, Energy, and Climate Action should review woodlot management plans at least every five years and revise as necessary, in accordance with the Ecosystem-based Forest Management Standards Manual. Evidence of this review should be documented.

1.51 The Department of Environment, Energy, and Climate Action should complete and document post-treatment assessments for treatments performed on public forests.

BIOMASS TO HEAT PUBLIC BUILDINGS

Summary of Findings

1.52 Post-harvest audits were not completed to ensure that biomass used to heat public buildings was harvested in a sustainable manner.

1.53 Natural Resources Canada defines biomass “as a biological material in solid, liquid, or gaseous form that has stored sunlight in the form of chemical energy.” Several types of biomass can be used, with the proper technology and equipment, to produce energy. Wood is the most commonly used type of biomass. Wood can be used to produce heat, or to produce steam for electricity generation.

1.54 In 2008, the Department of Environment, Energy and Climate Action (formerly the Department of Environment, Energy and Forestry) released the Prince Edward Island Energy Strategy (the Strategy). This Strategy contained objectives which focused on

- maximizing the province’s energy independence;
- becoming environmentally sustainable; and
- contributing to future economic development opportunities.

1.55 The Strategy included many action items to help meet these goals; five of which related directly to biomass fuel. One action was for the Government to lead by example by using biomass in select public buildings across the Island. The Government signed its first

contract with a third party to heat a public building using biomass in 2009.

Agreements to heat public buildings with biomass

1.56 As at the date of our audit report, there were 18 agreements with third party contractors for providing heat to various government owned buildings using biomass. Although the Department of Environment, Energy and Climate Action is not a signatory to the contracts with biomass harvesters, six of the eighteen contracts include specific requirements for:

- a forest management plan to be completed on the harvest sites; and
- the Forest, Fish and Wildlife Division (the Division) is to complete a post-harvest audit of the sites.

Most of the other twelve contracts state the biomass is to be produced in a sustainable manner; however, there is no requirement for this to be verified by the Division, or any other organization.

The Division did not complete post-harvest audits for bio-mass harvest sites

1.57 Forest management plans for private land are completed by forest contractors, and not the Department of Environment, Energy and Climate Action. In these situations, the Division’s responsibility is to review and approve the forest management plans.

1.58 We reviewed each of these eighteen contracts with the third party biomass contractors and interviewed various individuals within the Division. We looked to

determine if forest management plans had been completed for the harvest sites, and if post-harvest audits had been conducted.

1.59 At the time of our audit, the Division was not aware of any forest management plans for biomass harvest sites where the biomass harvested was used to heat public buildings. The Division has not completed any post-harvest audits on any of the biomass harvest sites used to heat public buildings.

Recommendation

1.60 The Department of Environment, Energy, and Climate Action should complete and implement a plan to monitor and report on the sustainability of wood harvested for biomass to heat public buildings.

1.62 The Department of Environment, Energy and Climate Action has not monitored the sustainability of wood harvested for biomass to heat public buildings.

- Post-harvest audits were not completed to ensure that biomass used to heat public buildings was harvested in a sustainable manner.

CONCLUSIONS

1.61 The Department of Environment, Energy, and Climate Action does not manage Public Forest Lands in full accordance with legislation and policies.

- The Provincial Forest Policy does not include all information required by legislation and is not reviewed regularly.
- The two *State of the Forest Reports* which have been issued subsequent to the original in 1992, were not issued within the timelines established in legislation.
- Forest management plans and forest operations plans have not been developed by the Division to manage public forest districts.
- Woodlot management plans are not reviewed regularly.
- Post treatment-assessments on public forests were not always completed.

RECOMMENDATIONS*	MANAGEMENT RESPONSE
<p>Recommendation 1.20 The Department of Environment, Energy, and Climate Action should include all information required under section 4(1) of the <i>Forest Management Act</i> in the Forest Policy for the Province.</p>	<p>The information required by Section 4(1) of the <i>Forest Management Act</i> has been included in the <i>State of the Forest Report</i> since 2000. The Department will be completing a full review of forest management in PEI including the creation of a Forestry Commission. This work will result in an updated Forest Policy as well as any legislative amendments required. <u>Timeline:</u> Work will commence on the development of the new forest policy in January 2023. It is expected to take two years to complete the review and have all the necessary changes implemented.</p>
<p>Recommendation 1.24 The Department of Environment, Energy, and Climate Action should review the Forest Policy in accordance with section 4(2) of the <i>Forest Management Act</i>. Timelines for regular reviews of the Forest Policy should be established.</p>	<p>The Department agrees the Forest Policy should be subject to regular review. The Department intends to launch a process in January 2023 that will include review of Forest Policy, Programs and Legislation. The updated Forest Policy resulting from this will include a timeline for regular reviews. <u>Timeline:</u> Work will commence in January 2023. It is expected to take two years to complete the review and have all the necessary changes implemented.</p>
<p>Recommendation 1.32 The Department of Environment, Energy and Climate Action should provide <i>State of the Forest Reports</i> in accordance with timelines established in the <i>Forest Management Act</i>.</p>	<p>As technology advances and expectations expand, the complexity of the <i>State of the Forest Report</i> increases; accordingly, so does the time to create them. The Department agrees its legislative commitments should be met and will address this in a planned amendment of the <i>Forest Management Act</i>. <u>Timeline:</u> Work will begin on the forestry review in January 2023. It is expected to take two years to complete the review and have all the necessary changes implemented.</p>
<p>Recommendation 1.37 The Department of Environment, Energy, and Climate Action should prepare forest management plans for public forests in accordance with sections 9(3) and 9(4) of the <i>Forest Management Act</i>.</p>	<p>The <i>Forest Management Act</i> is more than 30 years old, and the concepts of District management and Operational plans are antiquated, based on arbitrary geographical boundaries rather than natural landscapes and ecosystems. The Department has been moving toward more forward-thinking and strategic landscape-scale plans that incorporate ecological rather than human-made boundaries. The Department agrees that its programs and legislation should be aligned and will address this in a planned amendment of the <i>Forest Management Act</i>. <u>Timeline:</u> Work will begin on the forestry review in January 2023. It is expected to take two years to complete the review and have all the necessary changes implemented.</p>

RECOMMENDATIONS*	MANAGEMENT RESPONSE
<p>Recommendation 1.38 The Department of Environment, Energy, and Climate Action should prepare operations plans for public forests in accordance with sections 9(5) and 9(6) of the <i>Forest Management Act</i>.</p>	<p>The <i>Forest Management Act</i> is more than 30 years old, and the concepts of District management and Operational plans are antiquated, based on arbitrary geographical boundaries rather than natural landscapes and ecosystems. The Department has been moving toward more forward-thinking and strategic landscape-scale plans that incorporate ecological rather than human-made boundaries. The Department agrees that its programs and legislation should be aligned and will address this in a planned amendment of the <i>Forest Management Act</i>. <u>Timeline:</u> Work will begin on the forestry review in January 2023. It is expected to take two years to complete the review and have all the necessary changes implemented.</p>
<p>Recommendation 1.50 The Department of Environment, Energy, and Climate Action should review woodlot management plans at least every five years and revise as necessary, in accordance with the Ecosystem-based Forest Management Standards Manual. Evidence of this review should be documented.</p>	<p>The Department has focused on reviewing plans where sustainable forest management work was expected to commence rather than every property. This led to some plans not being reviewed every five years. Reviews of plans will be captured in the forestry review planned to commence in January 2023. In the interim, the Department will be reviewing them within the five-year timeline. <u>Timeline:</u> Work will begin on the forestry review in January 2023. It is expected to take two years to complete the review and have all the necessary changes implemented.</p>
<p>Recommendation 1.51 The Department of Environment, Energy, and Climate Action should complete and document post-treatment assessments for treatments performed on public forests.</p>	<p>The Department has been completing post-treatment assessments on the sites, but agrees that more work can be done on documentation. The Department agrees that post-treatment assessments are not being adequately documented on all sites and will correct this. <u>Timeline:</u> Documentation of current assessments already occurred will begin immediately. Future assessments will be documented beginning immediately.</p>
<p>Recommendation 1.60 The Department of Environment, Energy, and Climate Action should complete and implement a plan to monitor and report on the sustainability of wood harvested for biomass to heat public buildings.</p>	<p>The Department agrees that a report should be completed. The Department will complete a report with the information that has been made available. <u>Timeline:</u> The report is expected to be completed in Fall 2023.</p>

*Recommendation numbers refer to the paragraph numbers in this chapter.

STANDARDS, OBJECTIVES, AND SCOPE

STANDARDS

This independent assurance report was prepared by the Office of the Auditor General of Prince Edward Island. Our responsibility is to conclude on whether the Department of Environment, Energy and Climate Action complies in all significant respects with the applicable criteria.

Work conducted for this audit was performed to a reasonable level of assurance in accordance with the 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 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 the Code of Conduct are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior.

OBJECTIVES

The objectives of the audit were to determine whether the Department of Environment, Energy and Climate Action

- manages Public Forest Lands in accordance with legislation and policies; and
- monitors the sustainability of wood harvested for biomass to heat public buildings.

We developed several criteria to assess whether the Department of Environment, Energy and Climate Action had met the objectives. These criteria are listed in **Appendix C**.

Criteria were developed from legislation, policies and relevant guidelines.

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

- confirmation of management’s responsibility for the subject;
- acknowledgment of the suitability of 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 of our audit included analysis and testing of records for the period December 1, 2018 to March 31, 2022. Some specific audit work was completed outside the scope period to allow us to conclude on our audit objectives.

Our approach included:

- interviews with management of the Forest, Fish and Wildlife Division and other government representatives;
- review of relevant legislation;
- review of relevant policies, reports, and standards;
- review of Treasury Board Minutes and Orders in Council;
- analysis and detailed testing of public forest files; and
- analysis of biomass heating agreements.

It is important to note that our observations and conclusions relate only to the management practices of the Department of Environment, Energy and Climate Action. 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 January 5, 2023, in Charlottetown Prince Edward Island.

AUDIT TEAM

Auditor General:	Darren Noonan	Audit Principal:	Justin Ellis
Directors:	Sheri Griffin	Manager:	Tim Cook
	Jennifer Bowness		

AUDIT CRITERIA – OBJECTIVE 1

1. The Department of Environment, Energy and Climate Action has prepared a Forest Policy in accordance with the *Forest Management Act*.
2. The Department of Environment, Energy and Climate Action has developed and implemented management plans and operations plans for all public forest lands in accordance with legislation and policy.
3. The Department of Environment, Energy and Climate Action monitors forest growth and provides a *State of the Forest Report* in accordance with legislation.

AUDIT CRITERIA – OBJECTIVE 2

1. Pre and post harvest assessments of biomass are completed in accordance with the Ecosystem-Based Forest Management Standards Manual with results being communicated to the Department of Transportation and Infrastructure.

GLOSSARY OF TERMS

- **Ecosystem-Based Forest Management Standards Manual (Eco-Manual)** – A technical document, prepared by the Department of Environment, Energy and Climate Action, intended to assist in the management of the forest of Prince Edward Island. It provides guidelines for the prescription and implementation of appropriate treatments and appropriate forest treatments.
- **Forest Management** – The management of forest resources for sustained yields of wood, water, wildlife and recreation. This includes timber management, watershed management, wildlife fisheries management, and recreational management.
- **Forest Policy** – A policy document released by the Department, with the goal of providing sustainable forest management in PEI.
- **Forest Treatment** – Specific harvesting, regeneration, and forest stand tending methods to achieve a predictable yield of benefits from the forest stand over time.
- **Private Forest Land** – Lands not owned by the Crown.
- **Public Forest Districts** – Designated geographical areas of public forest lands managed by the Department of Environment, Energy and Climate Action.
- **Public Forest Land** – All or any part of the forest lands vested in the Crown or forest lands on which forest management rights have been transferred to a Government Department by a Crown agency in Prince Edward Island. Also referred to as Crown Forest Land.
- **Forest Land Management Plans** – A plan for a forest district which identifies the forest inventory, 20-year planning objectives, priorities, management strategies and programs.
- **Forest Land Operations Plans** – A plan for a forest district which covers a five-year period and identifies the amount and type of management and silvicultural work to be implemented in the first year of the plan.
- **Silvics** – The study of the life history and characteristics of forest trees.
- **Woodlot Management Plans** – A plan which covers a ten-year period and provides a framework of forest management treatments to meet the landowner’s objectives. It must be approved by the Department of Environment, Energy and Climate Action prior to starting any treatments.
- **State of the Forest Report** – A report which is to be prepared and issued every ten years and includes an inventory of the forest in the province, summarizes forest management activities implemented for both Public Forest Lands and private forest land, estimates wood supply and outlines programs to manage the forest.

PERFORMANCE REPORTING – PHASE I – REPORTING TIMELINESS – HIGHLIGHTS

Why we did this Audit

- As follow up to our *Crown Corporations Governance Survey* report, where we identified annual performance reporting as an area in need of improvement.
- It is important that government departments and reporting entities release annual reports in a timely manner to provide users with relevant information.
- Annual reports allow organizations to demonstrate accountability and transparency.

Objective

- To assess whether government departments and reporting entities are meeting annual reporting disclosure deadlines in accordance with legislation, Treasury Board policies and best practice.

Conclusion

- Most government departments and reporting entities are not meeting annual reporting disclosure deadlines in accordance with legislation, Treasury Board policies and best practice.

Audit Scope Period: 2016-17 to 2020-21 Fiscal Years

What we Found

- | | |
|------------------------------------|--|
| Annual Reporting | <ul style="list-style-type: none">○ In each year included in the scope period of our audit there were some government departments and reporting entities who did not publish annual reports. <p>RECOMMENDATION 2.32</p> |
| Public Release | <ul style="list-style-type: none">○ Where annual reports were published, all government departments, and many reporting entities, failed to make the reports available to the general public in accordance with deadlines established by legislation, Treasury Board policies and best practice. <p>RECOMMENDATION 2.38</p> |
| Submission to Legislative Assembly | <ul style="list-style-type: none">○ Many government departments and reporting entities did not keep proper documentation to confirm the date the Minister received the final annual report in order to assess compliance with the <i>Financial Administration Act</i>. <p>RECOMMENDATION 2.41</p> |

2. Performance Reporting – Phase I – Reporting Timelines

Why it's important

Government entities, typically funded by taxpayers, operate for the benefit of the public. It is important that these governing bodies be as transparent as possible about their operations to maintain public trust and confidence.

A core component of any public sector accountability framework is the requirement to publicly report on the performance of the organization. Annual reports produced by public sector entities provide a link between the goals of the organization to the results achieved and resources used.

It is important that annual reports are released to stakeholders in a timely manner. Timely reporting allows users to make informed decisions using the most up-to-date and relevant information.

The primary focus of this engagement was to assess the timeliness of annual reporting of government departments and reporting entities.

What we found

Most government departments and reporting entities did not meet annual reporting disclosure deadlines in accordance with legislation, Treasury Board policies and best practices. In each of the five fiscal years included in the scope period of our audit:

- Some departments and reporting entities did not publish annual reports.
- All departments failed to make their annual reports available to the public within the timeframes outlined in Treasury Board policies and best practice.
- More than 75 percent of reporting entities failed to make their annual report available to the public within the legislated timeframe.
- Many departments and reporting entities did not keep proper documentation to confirm the date the appropriate Minister received the final annual report.

We have made three recommendations to Treasury Board. These recommendations are included in **Appendix A**.

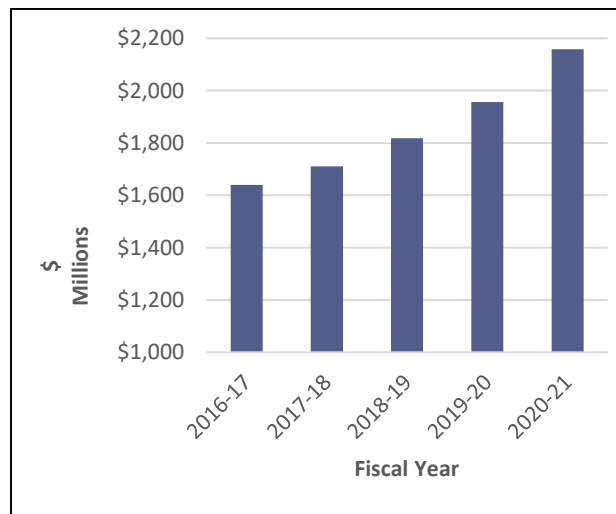
BACKGROUND

- 2.1 Public sector governance helps to ensure that outcomes are defined and achieved to allow for better informed, long-term decision making. A good governance framework will include processes which scrutinize the use of resources to allow government to improve public performance.
- 2.2 Executive Council consists of the Premier and at least seven, but not more than eleven, elected officials appointed by the Lieutenant Governor on the advice of the Premier. Executive Council is the key decision-making body in the provincial government and is responsible for setting policies to govern the Province. They may establish committees of Executive Council to perform its functions.
- 2.3 Treasury Board was established by the *Executive Council Act* as a committee of the Executive Council. Treasury Board's responsibilities include, but are not limited to, the development of general policy on the administration of the public service of Prince Edward Island, including a policy on the Annual Reporting Framework.
- 2.4 Section 70(5) of the *Financial Administration Act (FAA)*, along with supporting Treasury Board Policy, Accountability and Governance Matters: 10.01 Annual Reporting Framework, Section 7(a), set out the requirements for Ministers to submit an annual report, as well as requirements regarding the timeliness of annual reporting.
- 2.5 Annual reports allow organizations to demonstrate accountability and transparency. They should provide a link

between the goals and objectives and the results achieved. They should also provide users with the necessary information to assess performance and results achieved for the monies spent.

- 2.6 Each year the Government of Prince Edward Island invests a significant amount of public funds to expand and improve upon the delivery of its programs.
- 2.7 In fiscal 2020-2021 total program expenses included in the Public Accounts of the Province of Prince Edward Island were approximately \$2.2 billion dollars (including consolidated agencies). These expenses have increased by 32% over the five-year period since fiscal 2016-17, as illustrated in **Exhibit 2.1**.

EXHIBIT 2.1
TOTAL PROGRAM EXPENSES

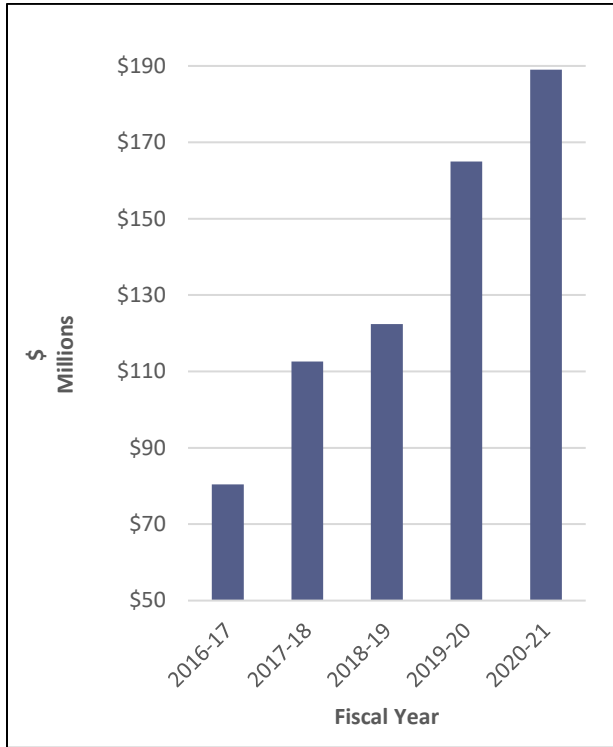


Source: Derived from Public Accounts of the Province of Prince Edward Island Volume I Consolidated Financial Statements for the years ended March 31, 2017 to March 31, 2021.

- 2.8 The Province also incurs capital expenditures each year in order to acquire, develop and construct new infrastructure. As shown in

Exhibit 2.2, this spending has also increased significantly over the past five fiscal years.

**EXHIBIT 2.2
CAPITAL EXPENDITURES**



Source: Derived from Public Accounts of the Province of Prince Edward Island Volume I Consolidated Financial Statements for the years ended March 31, 2017 to March 31, 2021.

2.9 The Legislative Assembly holds government accountable for its actions and expenditures and ensures the public has a say in how funds are spent. Government entities are accountable to the public and the Legislative Assembly for decisions made, and services delivered, using these public funds.

2.10 The core of our Office’s Mandate is to provide the Legislative Assembly with clear information and advice to assist in holding government accountable for the management of public resources. Therefore, the independent audit functions provided by

our Office form a key component of the government’s accountability framework.

2.11 In our Office’s 2021 annual report chapter titled *Crown Corporations Governance Survey*, we presented the results from a governance survey sent to board members of 32 Crown corporations. Board members of the Crown corporations were asked to give their opinion on existing practices in order to highlight areas for discussion and improvement.

2.12 Among other findings, the survey found that some respondents felt their board did not do a good job of reporting publicly on performance. This report continues our Office’s work to improve governance and accountability practices within the provincial Government.

2.13 By focusing our audit resources on improving performance reporting practices, our Office will try to improve a critical control designed to create a more transparent government that communicates its goals and results to the public.

2.14 Our Office has planned future audit work to continue to monitor and recommend improvements to the annual reporting of government departments and reporting entities. Through ongoing auditing of the performance reporting process, we hope to be able to conclude on the effectiveness of an entity in meeting their reporting requirements.

AUDIT OBJECTIVE AND SCOPE

- 2.15 The objective of this audit was to assess whether government departments and reporting entities are meeting annual reporting disclosure deadlines in accordance with legislation, Treasury Board policies and best practice.
- 2.16 This report summarizes the results of our work on the timeliness of annual reporting. Our audit work covered all government departments and reporting entities listed in Schedules A-D of the *Financial Administration Act (FAA)*, except for Executive Council, Legislative Assembly and Office of the Auditor General, for the five fiscal years included in our scope period. These schedules are included in **Appendix B**.
- 2.17 This report includes three recommendations which are listed in **Appendix A**. Details on the audit standards, objective and scope are included in **Appendix C**, and the audit criteria are included in **Appendix D**. The following sections of our report provide information on the findings, related recommendations and conclusion from our audit.

OBSERVATIONS AND RECOMMENDATIONS

Summary of Findings

- 2.18 In each year included in the scope period of our audit there were some departments and reporting entities who did not publish annual reports.
- 2.19 Where annual reports were published, all departments, and many reporting entities, failed to make the reports available to the general public in accordance with timelines

established by legislation, Treasury Board policies and best practice.

- 2.20 Many departments and reporting entities did not keep proper documentation to confirm the date the Minister received the final report in order to assess compliance with Section 70(5)(c) of the FAA.

LEGISLATION AND POLICY

- 2.21 The *Financial Administration Act (FAA)* sets out requirements regarding the timeliness of annual reporting with additional guidance provided in Treasury Board policies.
- 2.22 Section 70(5) of the *FAA* requires each reporting entity to submit an annual report to the appropriate Minister. The Minister shall make the report available to the general public as soon as possible, but within six months of the end of the fiscal year, whether or not the document has been laid before the Legislative Assembly.
- 2.23 Section 7(a) of Treasury Board Policy 10.01, Annual Reporting Framework, provides further guidance on this legislation.

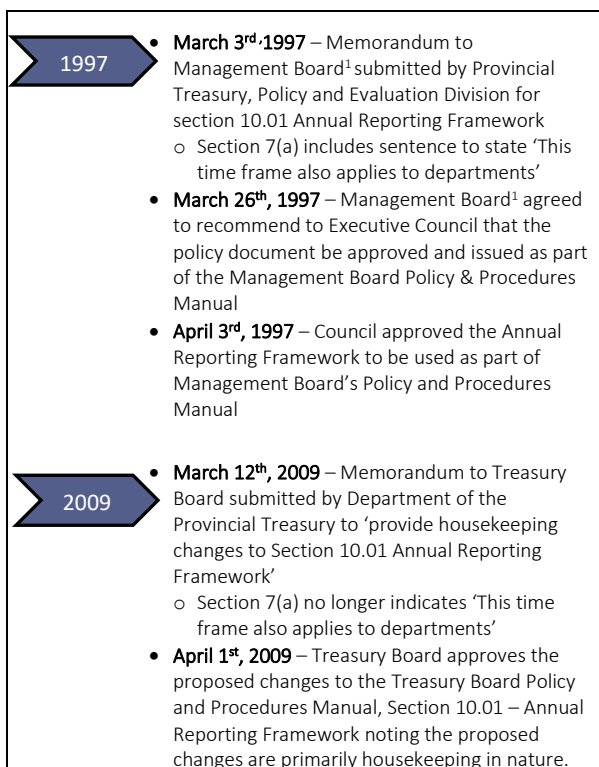
- 2.24 We reviewed the original submission to Executive Council for approval of this Treasury Board Policy. The original policy imposed the six-month reporting requirement on government departments, as well as reporting entities.

- 2.25 Approximately twelve years after the policy was originally approved, changes were proposed which were noted as 'housekeeping' changes, or in other words considered an insignificant change to the

policy. When these changes were made, the reference to government departments making their annual reports available within six months of the end of their fiscal year was removed. This would, in fact be considered a significant change to the policy. **Exhibit 2.3** shows the timeline relating to the change in the applicable Treasury Board Policy.

EXHIBIT 2.3

TIMELINE OF TREASURY BOARD POLICY CHANGE



1 – Equivalent to Treasury Board at the time
Source: Various Treasury Board (and equivalent) and Executive Council documents

2.26 We have applied our criteria to government departments and reporting entities based on the original intentions of Treasury Board Policy 10.01.

ANNUAL REPORTING

2.27 Annual reports serve several purposes including being an information document on the program activities of government departments and reporting entities, as well as being a source of historical information. Their primary purpose, however, is to serve as an accountability document which permits stakeholders to assess the performance of government departments and reporting entities, and results achieved for monies spent.

2.28 Section 70(5) of the *FAA* requires reporting entities to submit an annual report for each fiscal year. Section 7(a) of Treasury Board Policy 10.01, and best practice, support this requirement for government departments and reporting entities.

2.29 We examined whether government departments and reporting entities published annual reports for each fiscal year included in our scope period. In each year there were some government departments and reporting entities who did not publish annual reports.

2.30 As of August 31, 2022, 25 percent of all government departments and reporting entities still had not published an annual report for the 2021 fiscal year, making them 11 months overdue. See **Appendices E & F** for detailed results for all years included in our scope period.

2.31 A lack of annual reporting not only means that government departments and reporting entities are not in compliance with legislation and Treasury Board policy, but it makes it difficult for stakeholders to assess the use of public funds to achieve the intended outcomes of government departments and reporting entities.

Recommendation

2.32 Government departments and reporting entities should submit annual reports for each fiscal year in accordance with Section 70(5) of the *Financial Administration Act*, Section 7(a) of *Treasury Board Policy 10.01* and best practice.

PUBLIC RELEASE

2.33 We reviewed annual reports of government departments and reporting entities released during our scope period to see if they were released within six months of the end of their fiscal year.

2.34 We found that in each of the five fiscal years included in our scope period, all government departments that released an annual report failed to make the report available to the general public within six months of the end of their fiscal year.

2.35 For reporting entities, we found improvements in the most recent fiscal year included in our scope period. However, historically many failed to make their annual report available to the general public within six months of the end of their fiscal year. See **Exhibit 2.4** for the instances and percentages of reporting entities which did not meet the six-month requirement during our scope period. See **Appendix F** for detailed results.

**EXHIBIT 2.4
REPORTING ENTITIES
ANNUAL REPORT NOT RELEASED WITHIN SIX
MONTHS OF YEAR END¹
BY FISCAL YEAR**

	2020-2021	2019-2020	2018-2019	2017-2018	2016-2017
Instances of not publicly reporting within six months of fiscal year	16/26	26/26	26/27	21/26	20/26
Percentage of not publicly reporting within six months of fiscal year	62%	100%	96%	81%	77%

1 – As at August 31, 2022

2 – Government departments are not included in this Exhibit as no government department released their annual report within six months of its fiscal year end.

2.36 The 2019-20 fiscal year brought on challenges affecting the timely release of annual reports. Most notably, the onset of the COVID-19 pandemic led to a declaration of a State of Public Health Emergency. Although these challenges could justify poor compliance with reporting deadlines in the 2019-20 fiscal year, based on this audit and previous work done by our Office, the issue of meeting the six-month public release requirement has been an issue for many years.

2.37 In 2004, our Office completed an audit on *Crown Agencies – Control and Accountability* and found less than 10% of reporting entities released annual reports on time. Failure to release annual reports in a timely manner results in poor accountability to the public and makes it difficult for users to make informed and relevant decisions.

Recommendation

2.38 Annual reports of government departments and reporting entities should be made public within six months of the end of their fiscal year in accordance with Section 70(5) of the *Financial Administration Act*, Section 7(a) of Treasury Board Policy 10.01 and best practice.

CONCLUSION

2.42 Most government departments and reporting entities are not meeting annual reporting disclosure deadlines in accordance with legislation, Treasury Board policies and best practice.

SUBMISSION TO LEGISLATIVE ASSEMBLY

2.39 Section 70(5)(a) of the *FAA* states that ‘The Minister shall lay the report before the Legislative Assembly within fifteen days after he receives it or if the Legislative Assembly is not then in session within fifteen days after the commencement of the next ensuing session.’

2.40 Many government departments and reporting entities did not keep proper documentation to confirm the date the Minister received the final annual reports included in our scope period. This meant we could not determine whether these government departments and reporting entities met this legislative requirement.

Recommendation

2.41 Ministers should provide annual reports of government departments and reporting entities to the Legislative Assembly within timeframes required in Section 70(5) of the *Financial Administration Act*. Documentation should be maintained to support compliance with these timeframes.

RECOMMENDATIONS*	MANAGEMENT RESPONSE
<p>Recommendation 2.32 Government departments and reporting entities should submit annual reports for each fiscal year in accordance with Section 70(5) of the <i>Financial Administration Act</i>, Section 7(a) of Treasury Board Policy 10.01 and best practice.</p>	<p>Government has been working diligently to ensure that government Departments and Reporting Entities complete annual reports. As noted in the findings of the audit, 122 of an expected 131 annual reports for Reporting Entities have been publicly released. This represents a 93.1% rate of compliance. For Government Departments 39 of an expected 53 reports have been publicly released. This represents a 73.6% rate of compliance. In addition, please note that five of the reports not released, were requested from Departments that no longer exist. <u>Timeline:</u> December 31, 2023</p>
<p>Recommendation 2.38 Annual reports of government departments and reporting entities should be made public within six months of the end of their fiscal year in accordance with Section 70(5) of the <i>Financial Administration Act</i>, Section 7(a) of Treasury Board Policy 10.01 and best practice.</p>	<p>Government agrees that annual reports should be tabled in a timely manner, to ensure that users have the ability to assess performance. Government will reinforce the expectation that Reporting Entities meet the six-month reporting deadline for publicly releasing annual reports, as prescribed in Section 70(5) of the <i>Financial Administration Act</i> and Section 7(a) Treasury Board Policy 10.01. With respect to the reporting deadlines for Government Departments, the six- month standard is not appropriate, as Public Accounts is not normally released until seven months after the close of a fiscal year. Government will update Treasury Board Policy to establish a deadline for Government Departments that is timely, and respects the current availability of audited financial information contained in the Public Accounts. <u>Timeline:</u> December 31, 2023</p>
<p>Recommendation 2.41 Ministers should provide annual reports of government departments and reporting entities to the Legislative Assembly within timeframes required in Section 70(5) of the <i>Financial Administration Act</i>. Documentation should be maintained to support compliance with these timeframes.</p>	<p>Government will ensure that administrative procedures are updated to document the date that annual reports are received by a Minister, for each of their respective Departments and Reporting Entities. <u>Timeline:</u> December 31, 2023</p>

*Recommendation numbers refer to the paragraph numbers in this chapter.

**SCHEDULES OF GOVERNMENT DEPARTMENTS AND REPORTING ENTITIES –
FROM SECTION 80 OF THE FINANCIAL ADMINISTRATION ACT**

Schedule A

Department of Agriculture and Land
 Department of Economic Growth, Tourism and Culture
 Department of Education and Lifelong Learning
 Department of Environment, Energy and Climate Action
 Department of Finance
 Department of Fisheries and Communities
 Department of Health and Wellness
 Department of Justice and Public Safety
 Department of Rural and Regional Development*
 Department of Social Development and Housing
 Department of Transportation and Infrastructure
 Department of Workforce and Advanced Learning*
 Executive Council**
 Legislative Assembly**
 Office of the Auditor General**
 Public Service Commission***

Schedule B

Prince Edward Island Agricultural Insurance Corporation
 Prince Edward Island Cannabis Management Corporation
 Prince Edward Island Employment Development Agency
 Prince Edward Island Housing Corporation
 Prince Edward Island Energy Corporation
 Prince Edward Island Liquor Control Commission
 Finance PEI
 Prince Edward Island Self-Insurance and Risk Management Fund
 Health PEI
 Innovation PEI
 Island Investment Development Inc.
 Island Waste Management Corporation
 Prince Edward Island Crown Building Corporation
 Prince Edward Island Grain Elevators Corporation
 Prince Edward Island Lotteries Commission
 Workers Compensation Board of Prince Edward Island
 Prince Edward Island Museum and Heritage Foundation
 Charlottetown Area Development Corporation
 Summerside Regional Development Corporation
 P.E.I. Aquaculture and Fisheries Research Initiative Inc. ****
 Tourism PEI
 P.E.I. Student Financial Assistance Corporation

Schedule C

Public Schools Branch
 La Commission Scolaire de langue française

Schedule D

Island Regulatory and Appeals Commission
 Prince Edward Island Human Rights Commission

*These government departments were disestablished effective May 10, 2019 (EC2019-306)
 **These were not included in the scope of our audit
 ***Public Service Commission was included as a reporting entity for the purposes of our audit
 ****P.E.I. Aquaculture and Fisheries Research Initiative Inc. was dissolved March 19, 2019

STANDARDS, OBJECTIVE AND SCOPE

STANDARDS

This independent assurance report was prepared by the Office of the Auditor General of Prince Edward Island. Our responsibility is to conclude on whether government departments and reporting entities comply in all significant respects with the applicable criteria.

Work conducted for this audit was performed to a reasonable level of assurance in accordance with the 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 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 the Code of Conduct are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior.

OBJECTIVE

The objective of the audit was to assess whether Government departments and reporting entities are meeting annual reporting disclosure deadlines in accordance with legislation, Treasury Board policies and best practice.

We developed criteria to assess whether government departments and reporting entities had met the objective. These criteria are listed in **Appendix D**.

Criteria were developed from legislation, Treasury Board policies and best practice.

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

- confirmations of management’s 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 of our audit included all government ministries and reporting entities included in schedules A-D of the *Financial Administration Act*, excluding the Executive Council, Legislative Assembly and Office of the Auditor General, for five fiscal periods, ending 2020-2021.

Our approach included:

- interviews and correspondence with Treasury Board, Legislative Assembly, government departments and reporting entities;
- review of Treasury Board policies and submissions;
- review of relevant legislation; and
- review of annual reports and supporting documentation.

We did not assess the quality of the content of these annual reports.

It is important to note that our observations and conclusion relate only to the management practices of government departments and reporting entities. Consequently, our comments and conclusion 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 conclusion on January 9, 2023, in Charlottetown Prince Edward Island.

AUDIT TEAM

Auditor General:	Darren Noonan	Audit Principal:	Justin Ellis
Directors:	Sheri Griffin	Manager:	Sarah Taylor
	Jennifer Bowness	Auditor:	Jenna Dominey

AUDIT CRITERIA

1. Ministers have submitted annual reports to the Legislative Assembly in accordance with legislation, Treasury Board policies and best practice.
2. Annual reports are made available to the general public in accordance with deadlines established by legislation, Treasury Board policies and best practice.

6-MONTH PUBLIC RELEASE RESULTS BY GOVERNMENT DEPARTMENT

Department	Fiscal 2020-21		Fiscal 2019-20		Fiscal 2018-19		Fiscal 2017-18		Fiscal 2016-17	
	Months to Public Release	6-Month Deadline Met?	Months to Public Release	6-Month Deadline Met?	Months to Public Release	6-Month Deadline Met?	Months to Public Release	6-Month Deadline Met?	Months to Public Release	6-Month Deadline Met?
Agriculture and Land (previously Agriculture and Fisheries)	11.03	No	13.13	No	8.67	No	9.37	No	14.93	No
Economic Growth, Tourism and Culture (formerly Economic Development and Tourism)	11.97	No	16.77	No	22.73	No	N/R	N/R	N/R	N/R
Education and Lifelong Learning (Formerly Education, Early Learning and Culture)	N/R	N/R	18.50	No	24.00	No	28.80	No	40.80	No
Environment, Energy and Climate Action (Formerly Communities, Land and Environment)	14.80	No	26.80	No	27.27	No	N/R	N/R	N/R	N/R
Finance	10.37	No	17.97	No	21.50	No	23.53	No	15.37	No
Fisheries and Communities (Formerly Agriculture and Fisheries)	N/R	N/R	13.13	No	Did not exist					
Health and Wellness	N/R	N/R	N/R	N/R	38.50	No	50.50	No	62.50	No
Justice and Public Safety	13.10	No	22.83	No	26.50	No	22.37	No	34.37	No
Rural and Regional Development	No longer exists				21.87	No	N/R	N/R	N/R	N/R
Social Development and Housing (Formerly Family and Human Services)	N/R	N/R	16.63	No	19.43	No	22.43	No	21.47	No
Transportation and Infrastructure	N/R	N/R	22.57	No	34.57	No	33.23	No	29.10	No
Workforce and Advanced Learning	No longer exists				N/R	N/R	N/R	N/R	14.63	No

Legend:

N/R – Indicates that No Report was released for that fiscal year as at August 31, 2022.

6-MONTH PUBLIC RELEASE RESULTS BY REPORTING ENTITY

Current Ministry Responsible	Reporting Entity Name	Fiscal 2020-21		Fiscal 2019-20		Fiscal 2018-19		Fiscal 2017-18		Fiscal 2016-17	
		Months to Public Release	6-Month Deadline Met?	Months to Public Release	6-Month Deadline Met?	Months to Public Release	6-Month Deadline Met?	Months to Public Release	6-Month Deadline Met?	Months to Public Release	6-Month Deadline Met?
Agriculture and Land	PEI Agriculture Insurance Corp	N/R	N/R	18.50	No	26.83	No	17.87	No	29.87	No
	PEI Grain Elevators	10.50	No	18.03	No	19.77	No	31.77	No	58.50	No
Economic Growth, Tourism and Culture	Charlottetown Area Development Corporation	11.73	No	10.60	No	22.60	No	34.60	No	46.60	No
	Finance PEI	5.80	Yes	6.27	No	6.03	No	6.10	No	5.97	Yes
	Innovation PEI	6.60	No	7.33	No	6.73	No	9.50	No	9.83	No
	Island Investment Development Inc	5.50	Yes	6.27	No	6.03	No	6.10	No	6.17	No
	PEI Museum and Heritage Foundation	11.10	No	9.70	No	8.37	No	8.43	No	9.77	No
	Summerside Regional Development Corporation	6.20	No	11.77	No	23.77	No	N/R	N/R	N/R	N/R
	Tourism PEI	11.73	No	16.33	No	7.20	No	5.20	Yes	5.20	Yes
	Workers Compensation Board of PEI	5.73	Yes	7.60	No	6.40	No	5.50	Yes	5.67	Yes
Education and Lifelong Learning	PEI Student Financial Assistance Corp	14.33	No	19.97	No	22.37	No	34.37	No	10.30	No
	La Commission Scolaire de langue française	6.73	No	10.37	No	26.10	No	38.10	No	9.40	No
	Public Schools Branch	8.33	No	10.37	No	10.00	No	9.70	No	9.40	No
	Island Regulatory and Appeals Commission	7.97	No	6.67	No	7.40	No	14.70	No	26.70	No
Environment, Energy & Climate	PEI Energy Corporation	9.80	No	7.80	No	6.03	No	12.00	No	62.50	No
Finance	Public Service Commission	N/R	N/R	22.03	No	9.77	No	16.20	No	11.50	No
	PEI Self Insurance Risk Management	5.97	Yes	9.73	No	14.37	No	15.10	No	11.67	No
	PEI Island Cannabis Management Corporation	8.23	No	9.37	No	8.30	No	Did not exist			
	PEI Liquor Control Commission	8.23	No	9.37	No	7.73	No	16.00	No	11.77	No
	PEI Lotteries Commission	5.97	Yes	10.73	No	13.67	No	25.67	No	15.13	No
Fisheries and Communities	PEI Aquaculture and Fisheries Research Initiative	No longer exists				N/R	N/R	N/R	N/R	N/R	N/R
	PEI Employment Development Agency	N/R	N/R	13.13	No	21.87	No	10.93	No	6.13	No
Health and Wellness	Health PEI	6.90	No	9.43	No	6.73	No	6.97	No	6.53	No
Justice & Public Safety	PEI Human Rights Commission	9.13	No	6.67	No	7.90	No	8.20	No	6.33	No
Social Development & Housing	PEI Housing Corporation	N/R	N/R	10.77	No	22.77	No	33.27	No	32.43	No
Transportation and Infrastructure	PEI Crown Building Corporation	4.57	Yes	9.23	No	6.73	No	5.23	Yes	5.47	Yes
	Island Waste Management Corporation	13.40	No	13.57	No	22.40	No	19.70	No	14.63	No

Legend:

N/R – Indicates that No Report was released for that fiscal year as at August 31, 2022.

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