



# AUDITOR GENERAL

Prince Edward Island

**Performance Reporting - Phase II -  
Report Content  
July 2023**



**Prince Edward Island**

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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  
July 18, 2023

# Performance Reporting – Phase II – Report Content – Highlights

## Why we did this audit

- This audit is a follow up to our *Crown Corporations Governance Survey* and *Performance Reporting – Phase I – Reporting Timeliness* reports, where we identified annual performance reporting as an area in need of improvement.
- Annual reports allow government departments and reporting entities to demonstrate accountability and transparency.
- It is important that government departments and reporting entities release annual reports that help readers understand what was planned and achieved, how resources were used and where performance can be improved.

## Objective

- To assess whether the annual reports of government departments and reporting entities are prepared in accordance with the content guidelines of Treasury Board Policy.

## Conclusion

- Government departments and reporting entities are not preparing annual reports in accordance with the content guidelines of Treasury Board Policy.

## Audit scope: Most recently published annual report as of October 31, 2022

## What we found

- |                |  |
|----------------|--|
| Responsibility | ○ Annual reports did not always include statements indicating who was responsible for the organization and its performance, the responsibilities of the organization, and an organizational chart showing lines of accountability. |
|----------------|--|

### RECOMMENDATION (paragraph 33)

- |                              |  |
|------------------------------|--|
| Overview, Purpose & Approach | ○ Nearly 30 percent of annual reports did not identify the organization's mandate, and over 50 percent did not identify the mission, vision and values of the organization.<br>○ Annual reports did not always include a summary overview of what happened in the organization over the past year. |
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### RECOMMENDATIONS (paragraphs 38 & 39)

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|----------------------|---|
| Organizational Goals | ○ Forty percent of annual reports did not clearly identify the organization's goals. For those that did, 80 percent did not provide readers with sufficient information to assess the organization's performance against these goals. |
|----------------------|---|

### RECOMMENDATIONS (paragraphs 43, 47 & 50)

- |                              |  |
|------------------------------|--|
| Division and Program Results | ○ None of the annual reports provided information on the results of divisions and programs in relation to their goals.<br>○ Almost 90% of annual reports provided relevant information on program and sector activities, such as statistical data. |
|------------------------------|--|

### RECOMMENDATIONS (paragraphs 57 & 61)

- |           |  |
|-----------|--|
| Financial | ○ Although annual reports presented financial information, they did not always include all information as outlined by Treasury Board Policy, such as approved budgets and variances between budget and actual results. |
|-----------|--|

### RECOMMENDATION (paragraph 66)

# Performance Reporting – Phase II – Report Content

## Why it's important

Government departments and reporting 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. In accordance with the *Financial Administration Act*, annual reports are required to provide a statement of goals and results achieved. These goals should be clear, and results should link back to the goals.

It is important that the annual reports of government departments and reporting entities explain the extent to which intended goals and objectives were achieved, and at what cost. Effective annual reporting allows the reader to understand what was planned and achieved, how resources were used and how performance can be improved. This leads to better accountability and informed decision making.

The primary focus of this engagement was to assess whether the annual reports of government departments and reporting entities are prepared in accordance with the content guidelines of Treasury Board Policy 10.01, Section 8.

## What we found

Government departments and reporting entities are not preparing annual reports in accordance with the content guidelines of Treasury Board Policy. We identified the following issues with the content of the annual reports:

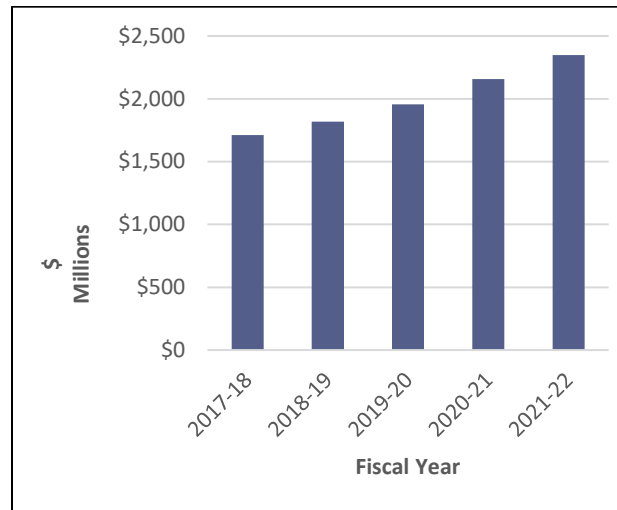
- Some annual reports were missing statements indicating who was responsible for the organization and its performance, the responsibilities of the organization and its structure.
- Many annual reports were missing information on the organization's purpose and approach to operations.
- Many annual reports did not clearly identify the organization's goals. For those that did, most did not provide sufficient information to assess those goals.
- Most annual reports did not provide details on the goals of their separate divisions or programs.
- Most annual reports did provide information on program and sector activities, such as statistical data.
- Annual reports did include financial information, but did not always include approved budgets and variances between budgets and actual results.

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

## BACKGROUND

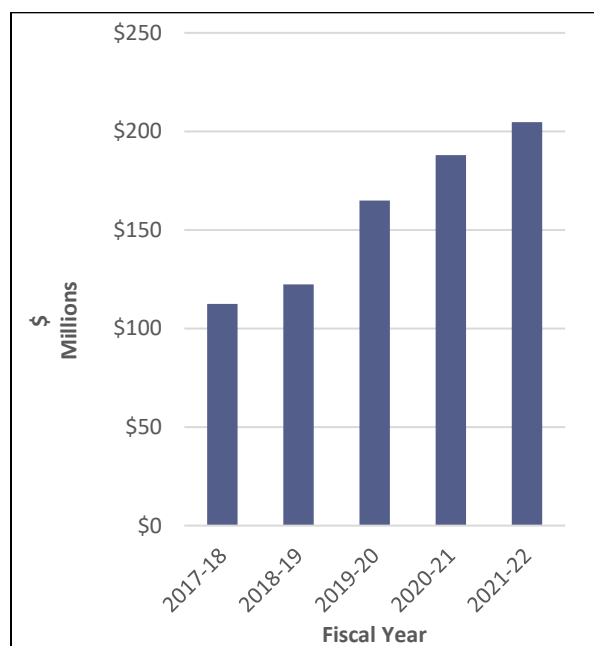
1. Annual reports allow government departments and reporting entities to demonstrate accountability and transparency. They should provide a link between the goals and objectives, and the results achieved. They should also provide users with the necessary information to assess performance and results achieved for the monies spent.
2. Executive Council is the key decision-making body in the provincial government and is responsible for setting policies to govern the Province. 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. They may establish committees of Executive Council to perform its functions.
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.
4. Section 8 of Treasury Board Policy, 10.01 Annual Reporting Framework, sets out the content guidelines regarding annual reports. This annual reporting framework was approved in 1997 to create consistency in annual reports presented to the Legislative Assembly and the public, and to increase the reporting focus on accountability for results rather than a focus on activities and promotion.
5. 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.
6. In fiscal 2021-2022 total program expenses included in the Public Accounts of the Province of Prince Edward Island were approximately \$2.35 billion dollars. These expenses have increased by 37% over the five-year period commencing with fiscal 2017-18, as illustrated in **Exhibit 1**.
7. The Province also incurs capital expenditures each year in order to acquire, develop and construct new infrastructure. As shown in **Exhibit 2**, capital expenditures have almost doubled over the past five fiscal years.

**EXHIBIT 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, 2018 to March 31, 2022.

**EXHIBIT 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, 2018 to March 31, 2022.

8. The Legislative Assembly holds government accountable for its actions and expenditures, and ensures the public has a say in how funds are spent. Government departments and reporting entities are accountable to the public and the Legislative Assembly for decisions made, and services delivered, using these public funds.
9. 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.

10. Our Office’s January 2023 report included a chapter titled *Performance Reporting – Phase I – Reporting Timeliness*. This report assessed the timeliness of annual reporting of government departments and reporting entities.
11. The report found most government departments and reporting entities were not meeting annual reporting disclosure deadlines in accordance with legislation, Treasury Board policies, and best practices. Specifically, all departments and more than 75 percent of reporting entities, failed to make annual reports available to the public within the legislated timeframe.
12. This report continues our Office’s work to improve governance and accountability practices within the provincial government. By focusing our audit resources on improving performance reporting practices, our Office will try to improve compliance with Treasury Board policies to encourage a more transparent government that communicates its goals and results to the public.

**AUDIT OBJECTIVE AND SCOPE**

13. The objective of this audit was to assess whether the annual reports of government departments and reporting entities are prepared in accordance with the content guidelines of Treasury Board Policy.
14. This report summarizes the results of our work on the content included in the most recently published annual report of government departments and reporting entities as at October 31, 2022.

15. We focused on what is, or is not, included in the annual report. We did not assess the accuracy or quality of the content included in the annual reports.
16. Over half of the annual reports we tested were from fiscal year-end March 31, 2021. The remaining annual reports were from fiscal year-ends March 31, 2022 and March 31, 2020, except for the Department of Health and Wellness. As at October 31, 2022, the most recent annual report for the Department of Health and Wellness was March 31, 2019. **Appendix B** lists the fiscal year of the annual reports tested by our audit.
17. Our audit work included all ten government departments and 26 reporting entities listed in schedules A-D of the *Financial Administration Act (FAA)*. These schedules are included in **Appendix B**. Executive Council, Legislative Assembly, Office of the Auditor General, and PEI Aquaculture and Fisheries Initiative Inc. were excluded from the scope of our audit.
18. This report includes nine 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*

19. Annual reports did not always include statements indicating who was responsible for the organization and its performance, the responsibilities of the organization, and its structure.
20. Nearly 30 percent of departments and reporting entities did not identify their mandate, and over 50 percent did not identify the mission, vision and values of the organization.
21. Annual reports did not always include a summary of what happened in the organization over the past year.
22. Forty percent of annual reports did not clearly identify the organization's goals. For those that did include goals, over 80 percent did not provide readers with sufficient information to assess the organization's performance against these goals.
23. None of the annual reports provided information on the results of divisions and programs in relation to their goals, and only two identified how their divisional or program goals tied to organizational goals.
24. Almost 90% of annual reports provided relevant information on program and sector activities, such as statistical data.

25. Although annual reports presented financial information, they did not always include all information as outlined by Treasury Board Policy, such as approved budgets and variances between budget and actual results.

## Responsibility

26. Section 8 of Treasury Board Policy 10.01, identifies various items which should be included in annual reports, some of which include

- a message from the Minister indicating responsibility for the performance of the organization and endorsing the report (Section 8(a));
- a listing of the legislative acts an entity is responsible for administering (Section 8(c));
- a statement from the Deputy Head that includes an endorsement of the report (Section 8(d)); and
- an organizational chart that shows the entity’s structure with accountability lines (Section 8(f)).

27. We examined the annual reports of government departments and reporting entities to determine if the above items were included. We did not assess whether the information was accurate.

28. When examining annual reports of reporting entities, we considered it reasonable for a message from the chair of the board to be included in lieu of a Minister’s message.

29. Section 8(c) of the policy states that a listing of the acts a department is responsible for administering is helpful to the reader as it illustrates the department/reporting entity’s

authority to conduct its business. For departments, we expected the annual reports to provide a listing of the acts they are responsible for and for that listing to be complete. We found 4 departments had listings of the acts they were responsible for, but only one of those listings was complete.

30. For reporting entities, we examined the annual report for mention of the act that would illustrate that entity’s authority to conduct its business.

31. We found annual reports of departments and reporting entities did not always include statements indicating who was responsible for the organization and its performance, the responsibilities of the organization, and its structure. See **Exhibit 3** below for a summary of results.

### EXHIBIT 3 AUDIT RESULTS<sup>1</sup>

Results	Percentage
Minister/Board Chair’s message not included	6%
Minister/Board Chair’s message not formally signed	11%
Listing of legislative acts entity is responsible for not included	22%
Deputy Head’s message not included	11%
Deputy Head’s message not formally signed	8%
Organization chart identifying lines of accountability not included	42%

1 – For most recent annual report publicly released as at October 31, 2022

32. Information about the organization’s structure and responsibility provides the reader with transparency on who is accountable for the entity and illustrates the entity’s authority to conduct business.



### Recommendation

**33. In accordance with Treasury Board Policy 10.01, Sections 8(a, c, d & f), Treasury Board, in conjunction with government departments and reporting entities, should ensure annual reports include**

- a message endorsed by the Minister or Chair of the Board;
- a listing of the Acts the department/reporting entity is responsible for;
- an overview statement endorsed by the Deputy Head; and
- an organizational chart for the department/reporting entity identifying lines of accountability.

## Overview, Purpose and Approach

34. Treasury Board Policy 10.01 Section 8(b) outlines what information should be included in the introductory portions of an annual report. This section should provide users with an understanding of an entity's purpose and approach to operations by including its:

- *mandate* – a statement of the terms of reference/authority under which the organization operates;
- *mission statement* – an overview of the organization's purpose stated in terms of outcomes rather than process;
- *vision statement* – a description (at a high level) of the desired future state; how the organization views its "world" at some time in the future assuming that the intended results can be achieved; and
- *values* – a description of the principles to be used by the organization to meet its vision.

35. According to Treasury Board Policy 10.01, section 8(e), reports should also include a summary overview of what happened in the organization over the past year.

36. We examined the annual reports of government departments and reporting entities for the items noted above. We did not assess the quality of the content included. We found that annual reports did not always include the mandate, mission, vision and values statements, or a summary of the year in review. See **Exhibit 4**.

### EXHIBIT 4 AUDIT RESULTS<sup>1</sup>

Results	Percentage
Mandate not included	28%
Mission statement not included	53%
Vision statement not included	56%
Description of values not included	69%
Year in review summary not included	17%

1 – For most recent annual report publicly released as at October 31, 2022

37. These introductory sections help to explain what's important to the organization, why it exists, what it does, and who benefits from it.

### Recommendation

**38. In accordance with Treasury Board Policy 10.01, Section 8(b), Treasury Board, in conjunction with government departments and reporting entities, should ensure annual reports include the organization's:**

- **mandate;**
- **mission statement;**
- **vision statement; and**
- **values or description of principles used to meet its vision.**

**Recommendation**

**39. Treasury Board, in conjunction with government departments and reporting entities, should ensure annual reports provide readers with a summary overview of what happened in the organization during the reporting period in accordance with Treasury Board Policy 10.01, Section 8(e).**

## Organizational Goals

- 40. Section 8(g) of Treasury Board Policy 10.01 states that an annual report should include an overview section dealing with an organization’s performance which identifies the goals of the organization.
- 41. We examined the annual reports of government departments and reporting entities to determine if they included the goals of the organization; we did not assess the appropriateness of the goals included.
- 42. We found that 40 percent of departments and reporting entities did not clearly identify the organization’s goals within the annual report.

**Recommendation**

**43. Treasury Board, in conjunction with government departments and reporting entities, should ensure annual reports include a section which clearly outlines the organization's goals in accordance with Treasury Board Policy 10.01, Section 8(g)(i).**

- 44. Section 8(g)(i) of Treasury Board Policy 10.01 identifies additional information that should be included within the annual report to help support the goals including

- a timeframe for meeting goals;
- the importance of results;
- how performance is measured;
- the success or failures over the reporting period; and
- how any shortcomings will be addressed.

- 45. Of the annual reports that did identify organizational goals, we examined the reports to determine whether the stated goals were supported with the additional information outlined in Treasury Board Policy. We found that most did not include important details to help readers assess the achievement of the stated goals. See **Exhibit 5.**

### EXHIBIT 5 AUDIT RESULTS<sup>1</sup>

Results	Percentage
Timeframe for meeting goals not included	81%
Why results are important not included	86%
How performance is measured not included	81%
Success and/or failures not included	81%
How to address shortcomings not included	95%

1 – For most recent annual report publicly released as at October 31, 2022

- 46. One of the main purposes of an annual report is to provide information on actual results compared to the organization’s goals. Without noting goals, readers cannot assess whether the results achieved are positive or negative. Details, such as how performance is measured, allow the users to assess what progress has been made towards achieving goals, where an organization fell short, and what actions are planned to improve results.

### Recommendation

**47. Treasury Board, in conjunction with government departments and reporting entities, should ensure annual reports provide details on goals in accordance with Treasury Board Policy, Section 8(g)(i), specifically including**

- the timeframe for meeting its goals;
- why the results are important;
- how performance is measured;
- the success or failures over the reporting period; and
- how shortcomings will be addressed for the future.

48. Section 8(g)(ii) of Treasury Board Policy 10.01 recommends that annual reports include a section that outlines the strategies used to reach their goals and a comparison of the resources that were allocated versus those used. For those departments and reporting entities that reported on their goals, none of them provided this information.

49. Identifying the resources and strategies used to obtain results is important as it helps the reader to understand both the cost of performance and how it was achieved.

### Recommendation

**50. Treasury Board, in conjunction with government departments and reporting entities, should ensure annual reports outline the strategies used to obtain the intended results and provide a comparison of resources allocated to those actually used in accordance with Treasury Board Policy 10.01, Section 8(g)(ii).**

## Division and Program Results

51. Section 8(h) of Treasury Board Policy 10.01 provides content guidelines for division and program accountability. It suggests that annual reports should include a separate section on the main strategies and programs offered by divisions, particularly for those organizations with significant or complex mandates.

52. The policy states that this section of the report should provide greater detail on the key results against intended goals, how results were measured, and the strategies used to obtain results. This section should also identify the relationship between the division's goals to the organization's overall goals.

53. For all ten government departments and 18 reporting entities with separate divisions and multiple programs, we expected their annual reports to have a separate section for each of the main strategies, programs or divisions. For these 28 annual reports, we found:

- all departments and 16 reporting entities included a separate section for their main strategies, programs or divisions;
- of the annual reports which included a separate section for their divisions, only two identified the relationship between the division's goals, and the government department's or reporting entity's overall goals; and
- none included details on key results against intended goals, including how results were measured, and what strategies were used to obtain results.

54. We did not assess the quality of the content or the completeness to determine whether all strategies, programs or divisions were included in the annual reports.

55. In many of the annual reports examined, the section identifying the main strategies, programs or divisions provided details on the outcomes achieved and activities during the year, but did not tie those outcomes to specific goals of the organization.

56. When annual reports only include achievements, the reader is unable to determine whether these achievements are relevant to the overall goals of the organization.

#### Recommendation

**57. Treasury Board, in conjunction with government departments and reporting entities, should ensure annual reports include a separate section on the organization's main strategies and programs in accordance with Treasury Board Policy 10.01, Section 8(h) which identifies:**

- **outcomes achieved against intended goals, how the results were measured, and strategies used; and**
- **the relationship of the division's goals to the organization's overall goals.**

58. Section 8(i) of Treasury Board Policy 10.01 suggests that annual reports should include information on program activity, sector activity, and any other data or statistical information which would be of interest to the reader.

59. We assessed the annual reports of each government department and reporting entity to determine whether any relevant information on program and sector activity,

such as statistical data, was included. We found that 31 of the 35 annual reports that we would have expected to have program or sector activity, did include this information.

60. Including relevant statistical data for the reader is important because it provides a snapshot of the results of the organization. Presenting this information in graphs and charts helps to highlight actual results against planned results in a way that is easy for users to read and understand.

#### Recommendation

**61. Treasury Board, in conjunction with government departments and reporting entities, should ensure annual reports include a section on program activity, sector activity and other data and statistical information which may be of interest to the reader in accordance with Treasury Board Policy 10.01, Section 8(i).**

## Financial

62. Section 8(j) of Treasury Board Policy 10.01 indicates that annual reports should include a section or an appendix on financial information which includes the approved budget, actual results, and variances. Specifically for reporting entities, a copy of the audited financial statements must be included.

63. We examined the annual reports of government departments and reporting entities for financial information. We did not assess the quality or accuracy of the information included.

64. Our testing found that all departments included a section with financial information, and all but one reporting entity included audited financial statements. Although most of the annual reports included approved budgets, none showed the variances between the budget and actual results.
65. Financial information is important to the reader, as it allows them to assess the financial condition of the organization and allows Islanders to see how their tax money is being spent. Lack of financial analysis, including variances and an explanation of variances, makes it difficult for the readers to fully assess the financial performance.

#### **Recommendation**

**66. Treasury Board, in conjunction with government departments and reporting entities, should ensure annual reports include a section or appendix with financial information which sets out the approved budget, actual results and variances in accordance with Treasury Board Policy 10.01, Section 8(j).**

#### CONCLUSION

67. Government departments and reporting entities are not preparing annual reports in accordance with the content guidelines of Treasury Board Policy.

RECOMMENDATIONS*	MANAGEMENT RESPONSE
<p><b>Recommendation 33</b> In accordance with Treasury Board Policy 10.01, Sections 8(a, c, d &amp; f), Treasury Board, in conjunction with government departments and reporting entities, should ensure annual reports include</p> <ul style="list-style-type: none"> <li>• a message endorsed by the Minister or Chair of the Board;</li> <li>• a listing of the Acts the department/reporting entity is responsible for;</li> <li>• an overview statement endorsed by the Deputy Head; and</li> <li>• an organizational chart for the department/reporting entity identifying lines of accountability.</li> </ul>	<p>Government agrees that the content guidelines specified in Treasury Board Policy 10.01, Section 8, should be the basis upon which annual reports are prepared.</p> <p>The information contained in an annual report should provide readers with the details on government departments and reporting entities’ plans, goals, results and achievements. It is an opportunity to demonstrate accountability and transparency.</p> <p>Treasury Board staff will develop a summary checklist of requirements which will be part of the Treasury Board Policy 10.01. The checklist will serve as an attestation, to aid in the preparation of annual reports, and illustrate that the requirements detailed in Treasury Board Policy 10.01, Section 8, have been included, prior to finalizing the report. Treasury Board will disseminate the new checklist to all reporting entities, and also provide a briefing to each Deputy Head on its purpose.</p> <p><u>Timeline:</u> December 2023</p>
<p><b>Recommendation 38</b> In accordance with Treasury Board Policy 10.01, Section 8(b), Treasury Board, in conjunction with government departments and reporting entities, should ensure annual reports include the organizations:</p> <ul style="list-style-type: none"> <li>• mandate;</li> <li>• mission statement;</li> <li>• vision statement; and</li> <li>• values or description of principles used to meet its vision.</li> </ul>	
<p><b>Recommendation 39</b> Treasury Board, in conjunction with government departments and reporting entities, should ensure annual reports provide readers with a summary overview of what happened in the organization during the reporting period in accordance with Treasury Board Policy 10.01, Section 8(e).</p>	

RECOMMENDATIONS*	MANAGEMENT RESPONSE
<p><b>Recommendation 43</b> Treasury Board, in conjunction with government departments and reporting entities, should ensure annual reports include a section which clearly outlines the organization's goals in accordance with Treasury Board Policy 10.01, Section 8(g)(i).</p>	<p>See management overall response on previous page.</p>
<p><b>Recommendation 47</b> Treasury Board, in conjunction with government departments and reporting entities, should ensure annual reports provide details on goals in accordance with Treasury Board Policy, Section 8(g)(i), specifically including</p> <ul style="list-style-type: none"> <li>• the timeframe for meeting its goals;</li> <li>• why the results are important;</li> <li>• how performance is measured;</li> <li>• the success or failures over the reporting period; and</li> <li>• how shortcomings will be addressed for the future.</li> </ul>	
<p><b>Recommendation 50</b> Treasury Board, in conjunction with government departments and reporting entities, should ensure annual reports outline the strategies used to obtain the intended results and provide a comparison of resources allocated to those actually used in accordance with Treasury Board Policy 10.01, Section 8(g)(ii).</p>	

RECOMMENDATIONS*	MANAGEMENT RESPONSE
<p><b>Recommendation 57</b> Treasury Board, in conjunction with government departments and reporting entities, should ensure annual reports include a separate section on the organization’s main strategies and programs in accordance with Treasury Board Policy 10.01, Section 8(h) which identifies:</p> <ul style="list-style-type: none"> <li>• outcomes achieved against intended goals, how the results were measured, and strategies used; and</li> <li>• the relationship of the division's goals to the organization's overall goals.</li> </ul>	<p>See management overall response on previous page.</p>
<p><b>Recommendation 61</b> Treasury Board, in conjunction with government departments and reporting entities, should ensure annual reports include a section on program activity, sector activity and other data and statistical information which may be of interest to the reader in accordance with Treasury Board Policy 10.01, Section 8(i).</p>	
<p><b>Recommendation 66</b> Treasury Board, in conjunction with government departments and reporting entities, should ensure annual reports include a section or appendix with financial information which sets out the approved budget, actual results and variances in accordance with Treasury Board Policy 10.01, Section 8(j).</p>	

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



<b>SCHEDULES OF GOVERNMENT DEPARTMENTS AND REPORTING ENTITIES FROM SECTION 80 OF THE <i>FINANCIAL ADMINISTRATION ACT</i></b>	<b>YEAR-END OF MOST RECENTLY PUBLISHED ANNUAL REPORT AS OF OCTOBER 31, 2022</b>
<p style="text-align: center;"><b>Schedule A</b></p> <p>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 Social Development and Housing            Department of Transportation and Infrastructure            Executive Council*            Legislative Assembly*            Office of the Auditor General*            Public Service Commission</p>	<p>March 31, 2021            March 31, 2022            March 31, 2020            March 31, 2021            March 31, 2021            March 31, 2020            March 31, 2019            March 31, 2021            March 31, 2020            March 31, 2021            N/A – Excluded from scope            N/A – Excluded from scope            N/A – Excluded from scope            March 31, 2020</p>
<p style="text-align: center;"><b>Schedule B</b></p> <p>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</p>	<p>March 31, 2020            March 31, 2021            March 31, 2020            March 31, 2020            March 31, 2022            March 31, 2021            March 31, 2022            March 31, 2021            March 31, 2021            March 31, 2021            March 31, 2022            March 31, 2021            March 31, 2022            July 31, 2021            March 31, 2021            December 31, 2021            March 31, 2021            March 31, 2021            March 31, 2022            N/A – Excluded from scope            March 31, 2021            March 31, 2021</p>
<p style="text-align: center;"><b>Schedule C</b></p> <p>Public Schools Branch            La Commission Scolaire de langue française</p>	<p>March 31, 2021            March 31, 2021</p>
<p style="text-align: center;"><b>Schedule D</b></p> <p>Island Regulatory and Appeals Commission            Prince Edward Island Human Rights Commission</p>	<p>March 31, 2022            March 31, 2021</p>

\*These were not included in the scope of our audit

\*\*P.E.I. Aquaculture and Fisheries Research Initiative Inc. was dissolved March 19, 2019 and has not been included in the scope of our audit.

## AUDIT 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 of the Auditor General of Prince Edward Island applies the Canadian Standard on Quality Management which requires our office to design, implement and operate a system of quality management, including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

In conducting 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 the annual reports of government departments and reporting entities are prepared in accordance with the content guidelines of Treasury Board Policy.

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

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 the most recently published annual report as of October 31, 2022 for all government departments and reporting entities included in schedules A-D of the *Financial Administration Act*, excluding the Executive Council, Legislative Assembly, Office of the Auditor General, and PEI Aquaculture and Fisheries Initiative Inc.. Our scope included the government departments and reporting entities that existed as at October 31, 2022. A new Cabinet was announced April 14, 2023 as a result of the provincial election, and government now includes 12 departments. These cabinet changes occurred after the scope of our audit.

Our approach included

- interviews and correspondence with Treasury Board;
- review of Treasury Board policies and submissions;
- review of relevant legislation; and
- review of annual reports and supporting documentation.

We did not assess the accuracy or 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 July 18, 2023, in Charlottetown Prince Edward Island.

## AUDIT TEAM

Auditor General:	Darren Noonan
Assistant Auditors General:	Sheri Griffin Jennifer Bowness
Director:	Sarah Taylor
Audit Manager:	Jenna Dominey
Auditor:	Ryan Carr

<b>AUDIT CRITERIA</b>
1. Annual reports include statements which indicate who is responsible for the organization and its performance, the responsibilities of the organization and its structure.
2. Annual reports provide an overview of what happened in the entity in the past year, the organizations purpose and approach to operation.
3. Annual reports provide information on the goals and results of the organization.
4. Annual reports provide information on division, program and sector activities.
5. Annual reports provide financial information relevant to the reporting period.

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