


G. McNeilly 29.11.23


November 29, 2023

**Standing Committee on Public Accounts
First Report of the First Session, Sixty-seventh General Assembly
Committee Activities**

Madam Speaker and Members of the Legislative Assembly:

Introduction

The Standing Committee on Public Accounts is pleased to present its first report of the First Session of the Sixty-seventh General Assembly.

Mandate

The Standing Committee on Public Accounts is charged with matters concerning the public accounts of the province, the annual report of the Auditor General, and fiscal management. Within this mandate the committee may, by majority decision of its membership, meet to examine and inquire into such matters and things as the committee deems appropriate.

Statement of Purpose and Values

The committee has adopted the following statement of purpose and values:

The Standing Committee on Public Accounts is dedicated to improving public administration, in partnership with the Auditor General. The committee examines the administration of government policy, not the merits of it. The committee strives to achieve consensus in its decisions whenever possible. Members take a non-partisan approach to the work of the committee.

Membership

Permanent members of your committee are:

Gordon McNeilly, Chair (District 14, Charlottetown-West Royalty)
Sidney MacEwen, Vice Chair (District 7, Morell-Donagh)
Zack Bell, Observing Member (District 10, Charlottetown-Winsloe)
Karla Bernard (District 12, Charlottetown-Victoria Park)
Peter Bevan-Baker (District 17, New Haven-Rocky Point)
Matthew MacKay, Observing Member (District 20, Kensington-Malpeque)
Hilton MacLennan (District 23, Tyne Valley-Sherbrooke) *(as of October 6, 2023)*
Hon. Hal Perry (District 27, Tignish-Palmer Road)

Former permanent members of your committee include:

Tyler DesRoches (District 21, Summerside-Wilmot) *(until October 6, 2023)*

Changes in Membership

Hilton MacLennan (District 23, Tyne Valley-Sherbrooke) was appointed to the committee in place of Tyler DesRoches (District 21, Summerside-Wilmot) effective October 6, 2023 via letter from the Premier.

Susie Dillon (District 11, Charlottetown-Belvedere) served as a substitute member at the June 29 and July 20, 2023 committee meetings. Jamie Fox (District 19, Borden-Kinkora) served as a substitute member at the July 20 meeting.

Update on Committee Activities

Since your committee was appointed on June 9, 2023, it has met ten times.

On June 14 the committee met to elect its Chair and Vice Chair; Gordon McNeilly and Tyler DesRoches, respectively, were duly elected.

On June 29 your committee met to consider its work plan. At this meeting the committee agreed to seek briefings on the following topics:

- the Auditor General's upcoming report on Phase II of the audit of COVID-19 financial support programs, to be delivered *in camera* prior to the report's publication, as offered by the Auditor General;
- the Auditor General's annual report, tabled March 2;
- the provincial surplus and deficit, particularly trends over the past few years and differences between projected and actual amounts, from Department of Finance officials;
- Health PEI's budget, contractual obligations to private nursing homes, private medical clinics, and the annual surplus of \$8 million in 2022, from Health PEI officials;
- the PEI Housing corporation's accounts receivable, grants, lease agreements, and contractual benefits, from officials of the Department of Housing, Land and Communities or the Housing Corporation itself;
- the lack of a funding agreement between UPEI and the province, as noted by the Auditor General, from officials of the Department of Workforce, Advanced Learning and Population; and
- use of funding for recruitment of doctors and nurses, from officials of the Department of Health and Wellness, Health PEI and/or the Public Service Commission.

The committee also agreed to request a written response from government to the final report of the Standing Committee on Public Accounts of the previous General Assembly, and to seek training from the Canadian Audit and Accountability Foundation (CAAF).

On July 20 your committee met *in camera* to receive a pre-release briefing on new reports by the Auditor General.

On September 21 your committee met to receive a briefing on the Auditor General's *Annual Report to the Legislative Assembly 2023*, dated March 2, 2023. Auditor General Darren Noonan and Auditor General's Office personnel Elvis Alisic, Sheri Griffin and Luke Rowledge were in attendance. At this meeting the committee adopted the Statement of Purpose and Values that the previous Public Accounts Committee followed, for inclusion on agendas and reading at the outset of meetings. The committee also agreed that a written response from the Department of Workforce, Advanced Learning and Population to the committee's request regarding a funding agreement with UPEI would be sufficient, with an appearance by the Department possible if questions remained. The committee decided not to seek a public briefing with the Auditor General on his COVID-19 Phase II and Performance Reporting Phase II audit reports, having previously reviewed them *in camera*.

On September 26 your committee met for a training session on best practices for Public Accounts Committees, delivered by representatives of the Canadian Audit and Accountability Foundation. Lesley Burns and Shawn Murphy appeared on behalf of the Foundation, and Auditor General Darren Noonan also participated.

On October 3 your committee met to review the written response provided by the Department of Workforce, Advanced Learning and Population regarding a funding agreement with UPEI. Based on this, the committee decided to seek the appearance of the Department and representatives of UPEI. At this meeting the committee also discussed its practices and procedures, as a follow up from its training session with the Canadian Audit and Accountability Foundation. To encourage non-partisanship, the committee agreed to follow a different seating arrangement for its meetings, rather than caucus-by-caucus. It also expressed its interest in having an informal tour of the Auditor General's Office new office location. The committee rescinded its prior decision to not have a public briefing with the Auditor General on his COVID-19 Phase II and Performance Reporting Phase II audit reports, and agreed that in the future, when the Auditor General is prepared to release a new report, the committee will hold an *in camera* briefing on it, followed by a public briefing, though not immediately afterward. The committee agreed to seek clarification from the Speaker, Clerk of the Legislative Assembly and Auditor General on the timing of the public release of Auditor General reports and *in camera* briefings.

On October 10 your committee met to receive briefings on healthcare recruitment funding, by Director of Recruitment Rebecca Gill, Director of Finance Karen Stanley, and Marketing and Advertising Officer Kate Ryan, of the Department of Health and Wellness; and on provincial surplus and deficit amounts, by Deputy Minister Denise Lewis Fleming, and Director of Economics, Statistics and Federal Fiscal Relations Nigel Burns, of the Department of Finance. At this meeting the committee also chose Sidney MacEwen to serve as its new Vice Chair.

On October 17 your committee met to receive briefings on the UPEI funding agreement, by Executive Director of Workforce Development Mary Hunter, Director of Post-Secondary and Continuing Education Nicole Bellefleur and Manager of Financial Services Aaron Lawlor, of the Department of Workforce, Advanced Learning and Population; and on PEI Housing Corporation financial matters, by Housing Corporation CEO Cheryl Paynter, Director of Housing Services Jason Doyle, and Director of Finance Marguerite Middleton, of the Department of Housing, Land and Communities.

On October 24 your committee met to receive a briefing on Health PEI budgetary matters. Health PEI was represented by CEO Dr. Michael Gardam, Chief Financial Officer Kellie Hawes, Director of Finance Lane Pineau, Comptroller Pat Ryan, Manager of Long-term Care Calvin Joudrie, Executive Director of Medical Affairs Lauren Kelly Weyman, and Chief Medical Officer Dr. Kathie McNally.

On November 29 your committee met to consider a proposal that it request that the Auditor General audit the Charlottetown Outreach Centre. Your committee agreed to make this request. The committee also moved *in camera* to consider its report to the Legislative Assembly.

Recommendations

1. Your committee commends the work done by the Office of the Auditor General and endorses all the recommendations made in the *Annual Report to the Legislative Assembly 2023*, the *COVID-19 Financial Support Programs Phase II* report, and the *Performance Reporting – Phase II – Report Content* report.

Your committee strongly encourages all departments, agencies, and Crown corporations to carefully consider the recommendations of the Auditor General and asks that the implementation of these recommendations be reviewed, and their status be presented in future reports of the Auditor General to the Legislative Assembly.

2. Your committee recommends that Government review its level of financial staffing across its departments and agencies to determine whether it is sufficient to meet workload demand.

Financial planning, accounting and auditing is important work in an organization as complex as government. We have been told that workloads are sometimes overwhelming for Government personnel involved in the various aspects of finance. Financial personnel are in demand not only in provincial government, but also in other levels of government and private industry. Shortage of personnel and a high volume of work can contribute to delays in matters such as submitting claims for receivables, completing audit work and meeting deadlines. Financial processes at one level of government are often dependent on those of another, as well as on the work of external auditing firms; when one experiences a delay, this affects the others. We therefore suggest that Government review its staffing levels in this area, to make sure they are appropriate for the workload. Maintaining accuracy and timeliness in managing public money is crucial, as is avoiding burnout for the staff involved.

3. Your committee recommends that details of capital expenditures to be incurred by Government Business Enterprises be provided as part of the capital budget process in the legislature.

The Auditor General has indicated, once again, that members and the public aren't given information on the capital spending plans of Island Waste Management Corporation, the Liquor Control Commission, the Cannabis Management Corporation, and other agencies known as Government Business Enterprises. These organizations do incur significant capital expenditures; they totaled \$30.6 million in fiscal year 2021-22, for example. They don't rely on government funding to maintain operations and are not subject to an appropriate vote. Their financial systems may also account for capital expenditures differently than the rest of government. Nonetheless, they are public agencies that provide services, charge fees, sell products and contribute revenue to the public purse. It seems reasonable that these organizations should indicate what their spending plans are; if they know they need to budget for an expenditure, they should indicate why. Including capital expenditure details in the annual capital estimates, even as purely supplemental information, would make Government Business Enterprises more transparent and accountable. We note that Government Business Enterprises are not referenced in the recently tabled 2024-25 Capital Estimates.

4. Your committee recommends that Government consider requiring post-secondary institutions to provide more detailed information on their spending plans as a condition of future funding agreements.

In addition to millions in funding restricted to use for specific programs, Government provides to UPEI an unrestricted operating grant that now amounts to almost \$40 million. UPEI has its own internal

budgeting process according to its needs and priorities. We support that autonomy and wish UPEI to be a successful, modern academic institution. That said, the budgetary documentation published by the university is high level, and we suggest that as a major funder, Government should consider whether greater depth and detail in budgetary information, particularly regarding the use of unrestricted funding, should be expected as part of its funding agreement with UPEI. Government should review the level of budgetary detail published by comparable publicly funded post-secondary institutions across the country.

5. Your committee stresses the need for formal agreements between PEI and other provinces on out-of-province medical services and urges Government to make these a priority.

The lack of these agreements was raised by Health PEI representatives before your committee. It also recently featured in the news when Island patients' access to certain advanced procedures normally obtained in New Brunswick and Nova Scotia was curtailed. All Islanders, indeed all Canadians, need reliable access to healthcare services elsewhere if they can't be provided in their home jurisdiction. A formal system for arranging care off-Island also needs to exist and kick in when required. Apparently neither need is being met right now; access is not guaranteed, because all healthcare systems are under strain and taking patients from other jurisdictions exceeds capacity, and arrangements are ad hoc, left to Island physicians to try to find a provider elsewhere who will take their patients. Clearly formal agreements with other jurisdictions are needed without delay. At the same time, it would be beneficial to establish a system or network to make off-Island arrangements reliably and efficiently, rather than leaving it up to physicians to find an opening somewhere. We would also expect that formal agreements addressing responsibilities, access and all other required terms should be in place any time Government relies on an external provider for the provision of a significant level of service, whether in healthcare or other areas.

Conclusion

Your committee thanks the Auditor General and his staff for their hard work and professionalism in conducting audits, reporting findings and briefing the committee. We also thank the representatives of the various Government departments and agencies that met with the committee this fall for their informative briefings and forthright discussions. Finally, we extend our appreciation to the Canadian Audit and Accountability Foundation for their professional development assistance which will help us carry out our work in an effective manner.

We look forward to government's written response to this report, to be tabled during the next sitting period. We also note that due to election timing, no government response was given to the final report of the previous Standing Committee on Public Accounts, which was adopted by the House on November 25, 2022. We pointed this out to Government in July and continue to encourage Government to respond to the former committee's report. To be clear, the previous committee was dissolved when the 66th General Assembly was dissolved, a new government has been formed and we respect that it is not required to respond to a report from the previous Assembly. We simply ask that Government consider it, as the report contains recommendations that remain relevant and worthy of consideration.

Respectfully submitted,



Gordon McNeilly
Chair, Standing Committee on Public Accounts