
SECTION 10

ACCOUNTABILITY AND GOVERNANCE MATTERS

10.01 ANNUAL REPORTING FRAMEWORK

AUTHORITY: *FINANCIAL ADMINISTRATION ACT/
TREASURY BOARD*

ADMINISTRATION: DEPARTMENT OF FINANCE

EFFECTIVE DATE: DECEMBER 2023

10.01 ANNUAL REPORTING FRAMEWORK

(1) PURPOSE

The primary purpose of this Annual Reporting Framework policy is to provide direction and guidelines on the principles, content and process which must be addressed in the preparation and presentation of annual reports.

(2) APPLICATION

The application of this policy is referenced to the Schedules of the *Financial Administration Act* (FAA) and applies as follows:

- Schedule “A” - Departments except the Legislative Assembly
- Schedule “B” - Crown corporations
- Schedule “C” - Education Authorities
- Schedule “D” - Commissions

except to the extent that their enabling legislation may incorporate alternate requirements, such as Ministerial or Board Authority.

While this policy **does not apply** to the Legislative Assembly or to Reporting Entities subject to alternate legislation, the **spirit and intent** of the policy should serve as a **guideline** for these entities in developing their own policies. Reporting Entities that develop policies differing from Treasury Board policy require approval of Treasury Board.

(3) DEFINITIONS

For the purpose of this policy, the following definitions shall apply:

- (a) “**department(s)**” refers to any department as defined in clause 1(i) of the FAA, as a department or division of the public service named in Schedule A of the FAA.
- (b) “**Deputy Head**” means the Deputy Minister of a department or the Chief Executive Officer of a reporting entity listed in Schedules B, C and D of the FAA;
- (c) “**FAA**” means the *Financial Administration Act*;
- (d) “**fiscal year**” means the twelve (12) month period adopted by a department or reporting entity as its business year, and on which it regularly reports on financial and other prescribed information. For the purpose of clarity, the fiscal year-end for Government departments and most of its reporting entities is March 31, however the Prince Edward Island Grain Elevators Corporation and the Workers Compensation Board of Prince Edward Island have year-ends other than March 31;
- (e) “**reporting entity**” refers to any reporting entity as defined in clause 1(s) of the FAA, as an organization that:
 - (i) is not listed in Schedule A, and

- (ii) is accountable for the administration of its financial affairs and resources to a Minister or through a Minister to the Legislative Assembly and includes those listed in Schedule B, C or D.

(4) POLICY

This policy supports Government entities to meet the reporting and accountability requirements to the Legislative Assembly and the general public. The principles and guidelines outlined in this policy are intended as high level standards and provide flexibility for departments and reporting entities to meet their specific objectives.

Subsection 70(5) of the FAA requires each reporting entity to submit an annual report which shall include an audited statement of accounts, a statement of goals and results achieved, and such other information as the Board may require.

The FAA does not provide specific criteria to departments on the process for annual reporting. In the absence of legislative requirements, this policy shall serve as the framework to be followed.

(5) PROCEDURE

(a) PRINCIPLES

i. Purpose of Annual Reports:

1. An Accountability Instrument: **The primary purpose** is to serve as an **accountability** document to permit the stakeholders (e.g. Executive Council, Legislative Assembly and the general public) to assess the performance of departments and reporting entities, and the results achieved for money spent.
2. An Information Document: An annual report provides easy access to summary information on program activity, statistical data and other such information which may be of public interest.
3. A Historical Record: Departmental annual reports also serve as a significant source of historical information. They **should provide consistent information over extended time periods to allow researchers to locate indicators of departmental activity, organizational structure and service philosophy.**
4. Promotional Benefits: Certain departments/reporting entities may wish to design the report and include information which will assist in promoting the Province and/or certain goals. While a “reasonable” amount of effort on promotional objectives is appropriate, it should not detract from the report’s primary purpose which is accountability.

- ii. **Goals/Results:** The FAA requires that the annual report for a reporting entity include a statement of goals and results achieved. Goals should be clearly described, and results should be linked back to goals.
- iii. **Quality of Information: Information reported should be of high quality in that it meets the following tests:**
 - relevant (of interest to users);
 - complete (financial as well as non-financial information);
 - timely (prepared and presented to stakeholders within a reasonable time);
 - objective, fair and accurate;
 - consistent (similar over time);
 - comparable (results with goals and intentions);
 - promotes understanding without oversimplification;
 - high level of readability (without excessive detail); and
 - **be forward-looking in terms of strategic approach** to significant issues within the organization's mandate.
- iv. **Financial Information - Planned vs Actual:** The FAA requires that financial statements be included as part of the annual reports of reporting entities. Relevant financial information should also be included in departmental annual reports. Actual financial results **should be easily compared with the monies budgeted** for such purposes. In some cases, the financial information will extend beyond the funds appropriated by the Legislative Assembly; however, this should not diminish the need for reporting on the **total budget, actual results and explaining any significant variances.**
- v. **Users:**
 1. Primary: Annual reports, in the first instance, are reports by the **Minister** responsible to Members of the **Legislative Assembly** and **the general public** of Prince Edward Island.
 2. Secondary: Annual reports are also critical/useful to other stakeholders such as:
 - Bond Rating Agencies
 - Investors
 - Government's Central Agencies
 - Researchers
 - Employees
 - Other Jurisdictions (provinces, etc.)

(b) REPORTING TIMEFRAME

- i. The FAA requires annual reports for reporting entities, as defined in the FAA, to be made public within **six (6) months after the financial year-end**, whether or not the Legislative Assembly is in session.

- ii. While the FAA does not prescribe a date by which Departments, as defined in the FAA, are required to make public their annual report, for the purposes of this policy, Departments are required to fulfill this requirement within two (2) months of the date of tabling the Public Accounts.
- iii. Annual reports must **cover the same period as the department/reporting entity's fiscal year and shall include an audited statement of accounts and a statement of goals and results achieved for the same period.** Notwithstanding the need to focus on the stated reporting period, **annual reports may also include historical information on trends and/or forward-looking information which may extend beyond the report period.**
- iv. Certain statistical data may only be easily available on another basis, such as calendar year. It would be appropriate to include such data but clearly identified as representing a period different from the reporting period.

(c) **CONTENT GUIDELINES**

In general terms, annual reports should address most, if not all, of the types of information referenced below:

- i. **Message from the Minister:** A statement by the Minister indicating their responsibility for performance of the organization and endorsing the report to the stakeholders.
- ii. **Overview:** As an introduction, the report should put the matter in context by providing the reader with an overview of the organization's purpose and approach to operation. Significant components of this introduction include:
 - 1. **Mandate:** A statement of the terms of reference/authority under which the organization operates.
 - 2. **Mission Statement:** An overview of the department/reporting entity's purpose stated in terms of outcomes rather than process.
 - 3. **Vision Statement:** A description (at the high level) of the desired future state; how the department/reporting entity views its world at some time in the future assuming that the intended results can be achieved (short and precise).
 - 4. **Values:** A description of the principles to be used by the department/reporting entity to meet its vision.
- iii. **Legislative Responsibility:** Listing of the Acts that the department is responsible for administering is valuable information in terms of illustrating the Department/reporting entity's authority to conduct its business.

- iv. **Deputy Head's Overview:** The statement by the Deputy Head should set the tone for the report and include a reference to their endorsement of the report.
- v. **Year in Review:** A summary overview as to what happened in the department/reporting entity over the past year may be of interest to readers and provide an interesting introduction.
- vi. **Organizational Chart:**
 1. An Organizational Chart is a valuable way to provide the reader with a snapshot of the department/reporting entity's structure and lines of accountability and improve the readability of the report.
 2. Staffing Summary
- vii. **Accountability Reporting - Overview:** In the interest of brevity and ensuring a high level of readability, an annual report should include an overview section dealing with the department/reporting entity's performance, including:
 - the goals of the department/reporting entity;
 - 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.

The overview should also address the strategies used to obtain the intended results and a comparison of the resources allocated to those actually used.
- viii. **Division/Program Accountability - Results/Outcomes Achieved:**
 1. In addition to the overview summary, reports should normally include a separate section in the report on each of the main strategies, programs, etc., particularly for those departments/reporting entities which have significant/complex mandates.
 2. While the focus should remain on accountability for the "key results"/outcomes achieved against intended goals, the information on the results, how these results were measured and the strategies used, will be in greater detail than in the overview section.
 3. The relationship of the Division/Program's goals to the department/reporting entity's overall goals should also be addressed.
- ix. **Program Activity and Information:**
 1. This section could include information on program activity, sector activity and other data and statistical information which may be of interest to the reader.
 2. Tables of statistical data may be more appropriately included as an appendix rather than in the body of the report.

- x. **Financial Information:** Annual reports should include a section or an appendix on financial information which sets out the approved budget, actual results and variances. In the case of reporting entities, a copy of the audited financial statements must be included.

(d) PUBLIC RELEASE PROCESS

- i. When the Legislative Assembly is in session, thirty (30) copies of the annual report should be provided to the Clerk of the Legislative Assembly for tabling.
- ii. The Clerk of the Legislative Assembly is authorized under the “Rules of the Legislative Assembly” (Rule 80(k)) to receive “command documents” during times when the Legislative Assembly is not in session and cause these documents to be distributed to all Members of the Legislative Assembly.
- iii. The following outlines the procedure for tabling annual reports and other command documents between sessions of the Legislative Assembly in order to ensure Members of the Legislative Assembly receive reports in a timely and efficient manner:
 - 1. Forward six (6) copies of the annual report to the:
Office of the Clerk
Province House
P. O. Box 2000
Charlottetown, PE, C1A 7N8
 - 2. Upon receipt of the annual reports, the Clerk will distribute a copy to all Members. Within three working days, the report should be available on the Internet.
 - 3. The Clerk will keep a record of all reports tabled in this fashion during the intercession and will advise the Legislative Assembly within 15 days of the start of the next session, in order to meet the requirements of clause 70(5)(a) of the FAA.

(6) INTERPRETATION

In cases where an interpretation is required, such should be referred to the Secretary to Treasury Board, or their delegated officer, who will make the interpretation or refer the matter to Treasury Board, if a Board decision is deemed necessary.