

AUDITOR  
GENERAL  
OF NEW BRUNSWICK



VÉRIFICATEUR GÉNÉRAL  
DU NOUVEAU-BRUNSWICK

REPORT OF THE

# Auditor General of New Brunswick

## Performance Audit

Volume I

2026

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Speaker of the Legislative Assembly  
Province of New Brunswick

Madam,

As required under section 15(1) of the *Auditor General Act*, I am submitting Volume I of my Office's 2026 Report to the Legislative Assembly.

Respectfully submitted,

A handwritten signature in black ink that reads "Paul Martin". The signature is written in a cursive, flowing style.

Paul Martin, FCPA, FCA  
Auditor General

Fredericton, N. B.  
June 2026



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**REPORT OF THE**

## Auditor General of New Brunswick

**VOLUME I 2026: PERFORMANCE AUDIT**



# Auditor General's Comments



Our 2026 Volume I report includes three reports:

- Renewable Integration and Grid Security Project – NB Power
- Student Achievement in Literacy – Department of Education and Early Childhood Development
- Grant Processes and Outcomes – Department of Tourism, Heritage and Culture

## **Renewable Integration and Grid Security Project**

In July 2025, NB Power executed a 25-year tolling agreement with ProEnergy subsidiary RIGS Energy Atlantic Limited Partnership. This project has a targeted in-service date of August 1, 2028 and expected costs exceeding \$2.8 billion. We found key decisions were made before supporting analysis, governance processes, and regulatory requirements were fully addressed. This increased financial, governance, and regulatory risks for NB Power and its customers.

## **Student Achievement in Literacy**

Across the 2022-2025 audit period, no provincial literacy assessment target was met, with achievement results falling short of targets from 7.8% to 34.4%. We found that some provincial literacy targets are not currently assessed, and that achievement gaps are not always driving timely, targeted intervention. Furthermore, not all literacy programs and student-level supports are consistently evaluated to determine their effectiveness. Recommendations have been made aimed at strengthening target-setting, monitoring, intervention, and evaluation to better support improved literacy outcomes for students across the province.

## **Grant Processes and Outcomes**

Between fiscal years ended 2022 and 2025 the total amount of application-based, discretionary grant funding awarded by the Department of Tourism, Heritage and Culture to recipients increased by 58% to over \$21 million. We found inconsistent evaluation processes, limited public information about available grants, weak monitoring, and a lack of performance measurement, including baselines and targets. Recommendations have been made aimed at improving transparency, consistency, monitoring, and performance measurement across the Department's grant programs.

## **Recognition**

We would like to recognize departmental staff for their assistance as we completed our work for this report. I also want to thank my audit team for their dedication and professionalism in fulfilling the mandate of the Office of the Auditor General of New Brunswick.

A handwritten signature in black ink that reads "Paul Martin". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

**Paul Martin**, FCPA, FCA  
Auditor General



NB POWER

2026

# Renewable Integration and Grid Security Project

**Chapter 2**

**Volume I: Independent Information Report**





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**NB Power**

**RENEWABLE INTEGRATION AND GRID SECURITY PROJECT**

RENEWABLE INTEGRATION AND GRID SECURITY PROJECT

# Chapter 2 Highlights

Lack of comprehensive analysis in selecting combustion turbine technology	Agreement signed before regulatory approval and without a contingency plan in place	Lack of evidence to support assumptions made for ownership or partnership decision
Procurement advanced ahead of governance	NB Power exposed to financial and contractual risks	Normal governance framework not followed

**OVERALL CONCLUSION:**

NB Power advanced the Renewable Integration and Grid Security project through key decisions before supporting analysis, governance processes, and regulatory requirements were fully addressed. Critical choices were made without addressing significant risks.









As a result, NB Power assumed governance, financial, and long-term contractual risks. This approach increased exposure to cost and regulatory uncertainty and reduced assurance that risks to electricity customers were fully identified, assessed, and managed at key decision points.

# Results at a Glance

## RENEWABLE INTEGRATION AND GRID SECURITY PROJECT

NB Power committed to a long-term project before key risks were resolved



FINDINGS	
	Management recommends <b>400 MW</b> of power be acquired in four years
	<b>Analysis</b> of alternatives to combustion technology <b>completed after tolling agreement was signed</b>
	<b>No supplier quotes obtained</b> to support management's assumptions made to NB Power's board of directors
	Partnership model found to be up to <b>\$700 million more expensive</b> than ownership
	Internal policy requirements for capital project <b>due diligence not followed</b> for a project exceeding \$2.8 billion
	Indigenous equity <b>partnership not established</b> as required
	<b>Regulatory approval</b> for capital project <b>not obtained</b> in advance of tolling agreement signing
	<b>No contingency planning</b> should the Energy and Utilities Board deny or delay the project

# Introduction

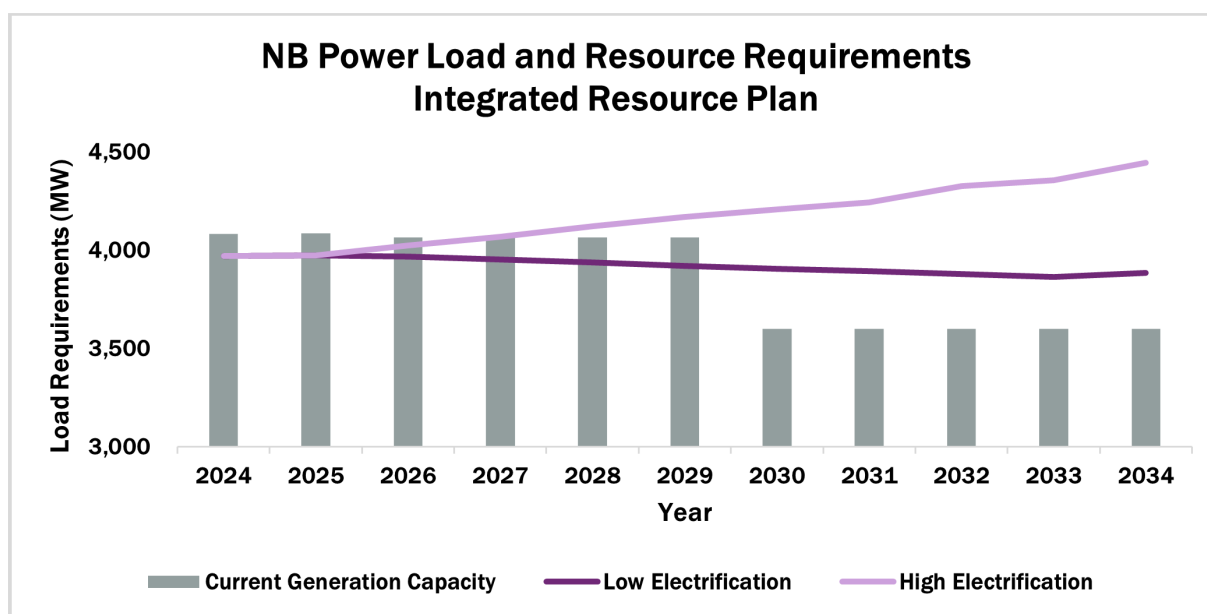
- 2.1** NB Power is a provincially owned Crown corporation responsible for generating, transmitting, and distributing electricity in New Brunswick. As such, its decisions regarding new generation resources have significant implications for system reliability, long-term planning and electricity costs for New Brunswickers.
- 2.2** This report examines NB Power's Renewable Integration and Grid Security (RIGS) project and the related 25-year tolling agreement (Agreement) executed with ProEnergy subsidiary RIGS Energy Atlantic Limited Partnership on July 2, 2025.
- 2.3** The RIGS project is a proposed initiative to add approximately 400 MW of dispatchable generation capacity using dual-fuel combustion turbines, with a targeted operation date of August 1, 2028 and costs expected to exceed \$2.8 billion.
- 2.4** The central issue is not whether NB Power faced a legitimate need for additional generation capacity, but whether the resulting decisions were made in a sound sequence, with sufficient supporting analysis, appropriate governance and adequate understanding of the risks assumed.

## WORK PERFORMED

- 2.5** This report is informational in nature and does not provide audit assurance. Our work included reviewing documentation supplied by NB Power to the New Brunswick Energy and Utilities Board (EUB) as well as internal documentation and conducting interviews with staff and executives.

# Identified Need for Additional Capacity

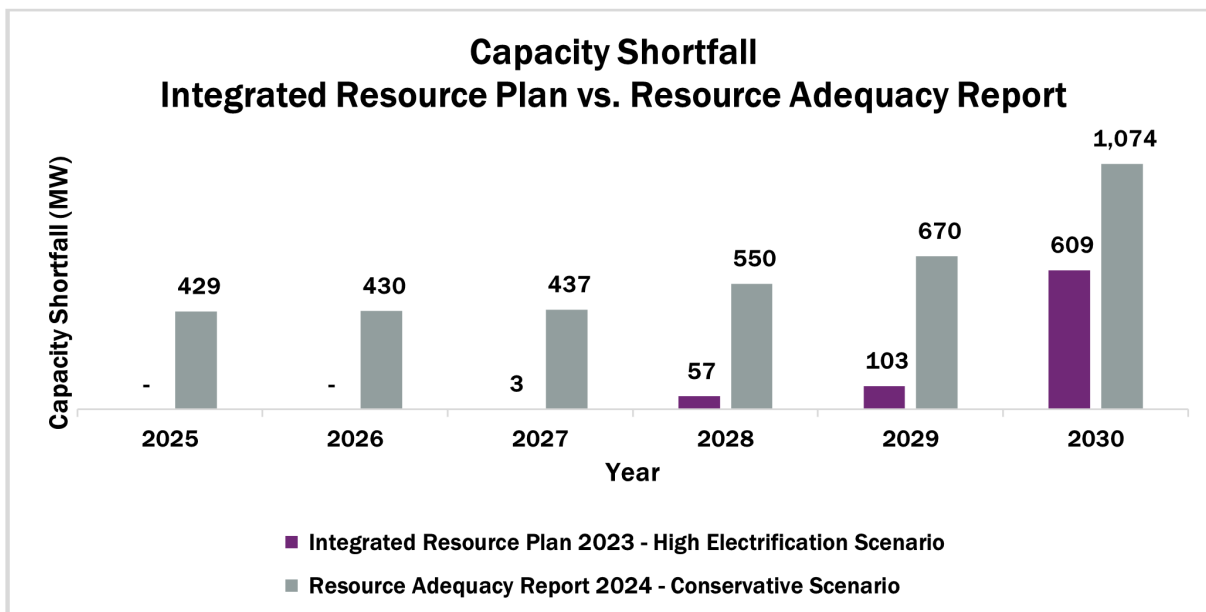
- 2.6 The starting point for the Renewable Integration and Grid Security (RIGS) project was NB Power’s long-term system planning.
- 2.7 Long-term planning is primarily guided by the *Integrated Resource Plan* which establishes long-term electricity strategies, including projected demand, resource needs and guiding principles for future investment and regulatory decisions.
- 2.8 In the *Integrated Resource Plan*, published in July 2023, NB Power projected that the province would face future capacity shortfalls.
- 2.9 The timing of the shortfall depends on how quickly electricity demand grows. Under a low-electrification scenario, the shortfall was projected around 2030. Under a high-electrification scenario, the shortfall was projected as early as 2027.



Source: Prepared by AGNB based on data from NB Power (unaudited)

- 2.10 Additionally, NB Power issued a *Resource Adequacy Report* on March 18, 2024, that focused on near-term operational needs and was used to identify potential capacity shortfalls and timing of when additional resources may be required.

- 2.11 NB Power's *Resource Adequacy Report* concluded that the need for additional supply could arise earlier than projected in the high electrification scenario of the *Integrated Resource Plan*.
- 2.12 Based on updated assumptions relating to population growth, electrification, and aging assets, the report indicated that a capacity gap could emerge as early as 2025 under the most conservative scenario.



Source: Prepared by AGNB based on data from NB Power (unaudited)

- 2.13 The report recommended that NB Power begin immediately to secure 400 MW of additional capacity by 2028 and begin development work for an additional 600 MW that could be needed by approximately 2030.

# Early Definition of the Preferred Technology

- 2.14** Although the need for additional capacity was identified, our work raises concerns about the adequacy of analysis that informed the decision regarding the type of generation to be pursued.
- 2.15** NB Power's 2023 planning documents referred to a range of possible solutions, including:
- battery storage
  - biomass conversion
  - combined-cycle gas turbines
  - dual-fuel combustion turbines
  - demand response
  - imports
  - intermittent renewables (wind, solar)
  - small modular reactors
- 2.16** While the planning documents identified potential solutions and costs, they did not include a comprehensive alternatives analysis that would show risks and benefits of each alternative technology in addressing the specific need for 400 MW of additional capacity by 2028. A capital project charter dated October 27, 2023, stated that dual-fuel combustion turbines were required and that other forms of generation were outside the project scope.
- 2.17** The capital project charter was approved by the Strategic Executive Oversight Committee (SEOC) on April 17, 2024.
- 2.18** A thorough analysis was later included in NB Power's October 2025 filing to the EUB. However, because that analysis was completed after the project direction had already been established and the Agreement signed, it does not demonstrate that alternatives were rigorously assessed before the decision to proceed with dual-fuel combustion turbines.

# Development of the Delivery Model

- 2.19** Once NB Power moved toward a combustion-turbine solution, it had to determine how the project would be delivered.
- 2.20** A key decision was whether NB Power would own the facility directly or proceed through a partnership in which a third party would build, own, and operate the plant while NB Power supplied fuel and purchased all capacity and energy under a long-term contract.
- 2.21** In April 2024, NB Power completed a preliminary comparison of ownership and partnership models. Both ownership scenarios produced lower costs than the partnership scenario between \$425-\$700 million.

	(\$ Millions)		
	Partnership	Ownership (Low Operating Costs)	Ownership (High Operating Costs)
Net present value	\$1,699	\$1,478	\$1,613
Average annual revenue requirement	\$142	\$114	\$125
Estimated project cost (AGNB calculation based on annual revenue requirement over 25 years)	\$3,550	\$2,850	\$3,125
Near-term rate impact	1.5%	2.0%	2.1%

- 2.22** Materials prepared for NB Power’s board of directors (Board) in May 2024, included the cost analysis and indicated that NB Power was already moving toward a partnership structure with the general characteristics of a tolling agreement. Under this model, a third party would build, own, and operate the facility, and NB Power would pay for the electricity produced. Procurement steps consistent with that model then proceeded during 2024.
- 2.23** By November 2024, NB Power formally recommended to the Board that ownership not be pursued. The reasons cited included the long lead time for equipment, schedule risk, internal resource limitations, and competing capital projects.
- 2.24** However, we found no direct supplier quotes had been obtained to support the reported long lead time risk for ownership.

- 2.25** NB Power did not complete a documented assessment of its own organizational capacity to deliver the project under an ownership model.
- 2.26** The partnership approach became the preferred option in practice before the ownership-versus-partnership decision had been supported by evidence.

# Procurement and Selection Process

- 2.27** Within six months, the capital project charter was approved and the preferred proponent was recommended.
- 2.28** NB Power issued a Request for Expressions of Interest (REOI) on June 24, 2024, and the REOI closed on August 9, 2024.
- 2.29** On October 3, 2024, the SEOC approved the preferred proponent and the negotiation strategy.
- 2.30** On November 12, 2024, the SEOC approved proceeding with the partnership model and the selected proponent. On November 19, 2024 the Board subsequently approved the same direction.
- 2.31** On May 28, 2025, the SEOC and the Financial Risk Oversight Committee (FROC) recommended execution of the Agreement, and NB Power executed the 25-year agreement with ProEnergy on July 2, 2025.
- 2.32** Several key elements were still evolving while procurement was underway. The analysis supporting the delivery model was incomplete, the governance framework for the project was not fully aligned with NB Power's standard capital approval processes, and regulatory uncertainty remained unresolved.

# Governance and Oversight

- 2.33** NB Power treated the Agreement primarily as a supply arrangement rather than as a capital project undertaken by NB Power itself. As a result, the project did not proceed through the full Investment Governance Framework (IGF) in the way expected for a major capital commitment.
- 2.34** Our report considers this significant because the IGF applies to capital projects regardless of financing or structure, and the Agreement represented a 25-year long-term obligation with costs expected to exceed \$2.8 billion.
- 2.35** While approximately \$25 million of related enabling investments, including transmission upgrades, did proceed through established governance channels, the principal RIGS commitment did not.
- 2.36** Because the project was considered strategic, oversight was assigned to the SEOC, whose role includes monitoring strategy, schedule, risk, organizational capability, and communications to the Board.
- 2.37** Based on materials from the Board and committee meetings, we found limited documentation showing strong independent challenge of management's assumptions, alternatives, or recommendations before decisions were advanced.
- 2.38** The overall concern is that the project was managed outside the corporation's normal capital governance pathway, even though the substance of the commitment was comparable to a major capital project.

# Regulatory Risk

- 2.39** NB Power executed the Agreement with ProEnergy on July 2, 2025. On July 23, 2025, a motion was filed with the EUB to determine if the project was capital in nature requiring approval under section 107 of the *Electricity Act*.
- 2.40** On October 16, 2025, the EUB determined that the RIGS project was a capital project and that NB Power was required to obtain EUB approval before proceeding. This meant that NB Power had already entered into a long-term agreement without regulatory approval.
- 2.41** Without the EUB's approval to proceed prior to the targeted commercial operation date of August 1, 2028, the Agreement would require NB Power to compensate ProEnergy for early construction costs of up to USD \$55.1 million.

# Financial and Contractual Risk

**2.42** Financial and contractual risks of the Agreement include possible requirements for NB Power to:

- post substantial security or performance assurance
- make full monthly capacity payments even when the facility cannot generate electricity for reasons outside NB Power's control
- pay for fuel whether or not it is consumed
- pay disputed amounts before the resolution of disputes
- absorb substantial termination and cost-escalation risks
- bear construction schedule risks associated with delays in the delivery of equipment without financial remedy

**2.43** These provisions mean that although the project is structured as a partnership, NB Power may still bear many of the economic risks normally associated with ownership, while not retaining the same degree of direct control over the asset.

**2.44** To mitigate construction phase risk, the Agreement required performance assurance from ProEnergy in the amount of USD \$46 million due within 30 days of Agreement signing. However:

- The performance assurance payment was due on August 1, 2025, but was not paid to NB Power.
- An amendment to the Agreement was subsequently approved and dated December 31, 2025 to reduce the immediate security requirement to USD \$10 million, with the full USD \$46 million becoming payable only upon satisfaction of specified conditions. As a result, NB Power's contractual leverage to enforce ProEnergy's compliance with construction milestones and the agreed upon schedule was significantly weakened.

# Indigenous Partnership Risks

**2.45** The Agreement requires ProEnergy to establish a partnership and consultation with Indigenous communities.

**2.46** Materials submitted to the Board stated:

- ProEnergy had entered into an equity partnership with North Shore Mi'kmaq Tribal Council (November 18, 2024)
- North Shore Mi'kmaq Tribal Council will be an equity partner (June 18, 2025)

**2.47** However, at the time of our work there had been no established Indigenous partnership.

**2.48** The December 2025 amendment to the Agreement allows ProEnergy to withdraw from the project and recover pre-development costs if an Indigenous partnership is not finalized by mid-2026.

# Environmental and End-of-Term Risks

- 2.49** Our report questions whether all risks in the Agreement were fully understood, assessed, or adequately challenged before execution.
- 2.50** Under the Agreement, NB Power is responsible for emissions-related costs, environmental and carbon tax exposure, and future compliance obligations.
- 2.51** NB Power had not documented a complete analysis of end-of-term options when the Agreement was signed. At the time of our review, this was still not completed.
- 2.52** Given the 25-year term of the Agreement, the absence of clear evidence on end-of-term planning is a governance concern.

# Monitoring and Contingency Planning

- 2.53** Because the Agreement extends over 25 years, strong monitoring and contingency planning are important. NB Power indicated that it maintains regular engagement with the proponent and that the Agreement provides for an Operating Committee during the delivery phase.
- 2.54** However, our review did not identify clearly documented long-term oversight expectations, including the committee's formal reporting requirements, accountability for review, and the intended use of the information.
- 2.55** At the time of our review, NB Power did not identify a contingency plan addressing scenarios such as delayed or denied EUB approval, supply disruption, or renegotiation risk.
- 2.56** Our work concludes that key elements of long-term oversight and contingency planning were not fully documented at the time of our review.

# Conclusion

- 2.57** Our review indicates that key decisions including the selection of the preferred technology were made before the supporting analysis had been fully completed.
- 2.58** The partnership model appears to have gained momentum before the ownership-versus-partnership decision was fully supported.
- 2.59** Procurement advanced while key governance questions remained unsettled.
- 2.60** NB Power executed the 25-year Agreement before receiving regulatory approval from the EUB.
- 2.61** This sequence of key decisions increased governance, financial, and regulatory risk. The overall implication is that an identified system need was addressed through a decision-making process that did not proceed in the clearest or most disciplined order.

# Appendix I: Letter from NB Power

Office of the President and Chief Executive Officer  
Bureau de la présidente-directrice générale

April 17, 2026

Paul Martin, FCPA, FCA  
Auditor General  
P.O. Box 758  
Fredericton, NB E3B 5B4

Dear Mr. Martin:

NB Power recognizes the important role of the Office of the Auditor General in supporting accountability and transparency for the Legislative Assembly. We also acknowledge that the report entitled Renewable Integration and Grid Security (RIGS) Project has been prepared as an independent information report and that it does not constitute an audit or express an audit opinion.

As part of your process, NB Power has worked with your Office to confirm the factual accuracy of the information contained in the report. In that context, NB Power wishes to note the distinction between confirming the accuracy of factual information and agreement with the framing, emphasis or conclusions reflected in the report.

The purpose of this letter is to place on the record several contextual considerations that NB Power considers material to an overall understanding of the decisions examined. This correspondence is not intended to restate or duplicate regulatory filings, nor to comment on matters that are before or have been decided by, the New Brunswick Energy and Utilities Board. Rather, it is intended to outline the context, analytical foundation and risk considerations that informed management and Board of Directors decisions at the time they were made.

#### **Context: Urgency and System Reliability Risk**

The report notes that the legitimacy of the need for additional generation capacity is not central to its conclusions. NB Power considers this context important to understanding the timing, sequencing and nature of the decisions taken.

By early 2024, NB Power faced a materially accelerated risk of winter peak shortfall driven by higher-than-forecast demand growth, increased electrification, exposure to extreme cold-weather events and declining availability of certain existing assets. These risks were not abstract. During the February 2023 extreme cold-weather event, New Brunswick experienced record winter peak demand and operated close to the threshold at which customer outages could have occurred. Absent timely action, NB Power faced a credible risk of customer outages during extreme winter peak conditions, at a time when electricity service is most critical for public safety and economic activity.

At the same time, markets for new dispatchable generation capacity across North America were highly constrained, with long equipment lead times and limited supplier availability. In this environment, delayed action created the risk of service interruptions during periods when electricity is most critical for public safety and economic activity. I personally have had conversation with CEOs of neighboring utilities who are envious of our foresight in procuring this arrangement including its favourable terms and pricing.

### **Assessment of Generation Alternatives**

The report states that combustion turbine technology was selected before alternatives were rigorously assessed. NB Power's perspective differs in certain respects regarding this characterization.

At the time the preferred technology direction was established in early 2024, NB Power was relying on extensive prior analysis, including the 2023 Integrated Resource Plan and associated external studies. These materials evaluated a wide range of supply- and demand-side options across multiple scenarios and planning horizons. The analyses consistently identified the need for dispatchable capacity capable of performing reliably during peak winter conditions.

NB Power also drew on expert analysis regarding the effective contribution of alternative technologies under system-critical conditions. That work indicated that intermittent renewable resources and battery storage provide materially less effective capacity during extreme cold-weather events and would require significantly greater investment to achieve an equivalent level of reliability.

More detailed, project-specific alternatives analysis was later formalized through regulatory processes. This work documented and refined conclusions that were already understood by management and the Board of Directors when key decisions were taken.

### **Delivery Model and Risk Allocation**

The report places significant emphasis on the conclusion that a partnership model is more costly than ownership and that NB Power assumed ownership-like risks without commensurate control. From NB Power's perspective, this analysis does not fully reflect the specific risk allocation embedded in the tolling arrangement used for the RIGS project. Key risks often associated with ownership, such as construction cost escalation, performance, availability and decommissioning, were materially allocated to the proponent under the tolling structure.

Under that arrangement, substantial construction, schedule, performance, availability and decommissioning risks are borne by the project owner. Capacity payments are subject to availability guarantees. Construction cost escalation risk for major equipment rests with the proponent and NB Power's payment obligations are reduced or excused in defined circumstances.

Comparisons that focus primarily on nominal or undiscounted costs may overstate differences between delivery models. When evaluated on a net present value basis, the differential is materially reduced and should be considered alongside differences in schedule certainty, execution risk and internal delivery capacity.

In addition, being a project owner was not a viable least cost solution in the time frame of the requirement for additional capacity as the critical components could not be procured by NB Power.

### **Regulatory Considerations**

NB Power takes a different view regarding the characterization that it committed to contractual arrangements before regulatory considerations were addressed.

NB Power sought a formal jurisdictional determination from the New Brunswick Energy and Utilities Board prior to the agreement becoming binding, and the agreement was expressly structured so that it could not proceed absent regulatory resolution.

### **Governance and Process Considerations**

The report characterizes certain elements of project governance as departures from standard practice. NB Power acknowledges that the RIGS project required adaptations to conventional processes, driven by urgency, scale and system-wide reliability risk.

Oversight was provided through senior executive governance committees and the Board of Directors at multiple decision points. Not every element of NB Power's capital investment framework was applied in its customary form. These adaptations reflected judgment exercised in response to exceptional system conditions.

### **Closing**

NB Power recognizes that complex infrastructure decisions made under time pressure and heightened system risk can reasonably give rise to differing perspectives. Our intent in providing this letter is to ensure that the record reflects the context, analytical foundation and risk management considerations that informed the development of the RIGS project. Please trust that at all times these discussion were made with the best interest of our customers in mind.

These observations are provided for the purpose of placing NB Power's perspective on the record.

Yours sincerely,



Lori Clark  
President & CEO NB Power

# Appendix II: Response to Letter from NB Power (Appendix I)

NB Power's correspondence in response to the Renewable Integration and Grid Security Project (RIGS) report is reproduced in full in Appendix I. We have not inserted our comments into their letter so that it may be read as submitted. We considered additional clarification necessary and are providing our comments separately below with reference to the relevant paragraphs in the report.

## **CONTEXT: URGENCY AND SYSTEM RELIABILITY RISK**

The central issue is not whether NB Power faced a legitimate need for additional generation capacity, but whether the resulting decisions were made in a sound sequence, with sufficient supporting analysis, appropriate governance and adequate understanding of the risks assumed. (paragraph 2.4)

Our work included reviewing documentation supplied by NB Power to the Energy and Utilities Board (EUB) as well as internal documentation and conducting interviews with staff and executives. (paragraph 2.5)

We found no direct supplier quotes had been obtained to support the reported long lead time risk for ownership. (paragraph 2.24)

NB Power did not complete a documented assessment of its own organizational capacity to deliver the project under an ownership model. (paragraph 2.25)

The partnership approach became the preferred option in practice before the ownership-versus-partnership decision had been fully supported by evidence. (paragraph 2.26)

## **ASSESSMENT OF GENERATION ALTERNATIVES**

While the planning documents identified potential solutions and costs, they did not include a comprehensive alternatives analysis that would show risks and benefits of each alternative technology in addressing the specific need for 400 MW of additional capacity by 2028. A capital project charter dated October 27, 2023, stated that dual-fuel combustion turbines were required and that other forms of generation were outside the project scope. (paragraph 2.16)

The capital project charter was approved by the Strategic Executive Oversight Committee (SEOC) on April 17, 2024. (paragraph 2.17)

A thorough analysis was later included in NB Power's October 2025 filing to the EUB. However, because that analysis was completed after the project direction had already been established and the Agreement signed, it does not demonstrate that alternatives were rigorously assessed before the decision to proceed with dual-fuel combustion turbines. (paragraph 2.18)

## DELIVERY MODEL AND RISK ALLOCATION

In April 2024, NB Power completed a preliminary comparison of ownership and partnership models. Both ownership scenarios produced lower costs than the partnership scenario between \$425 – \$700 million.

- Net present value (Millions) difference \$86-\$221
- Estimated project cost (Millions) difference \$425-\$700 (AGNB calculation based on annual revenue requirement over 25 years) (paragraph 2.21)

Financial and contractual risks of the Agreement include possible requirements for NB Power to:

- post substantial security or performance assurance
- make full monthly capacity payments even when the facility cannot generate electricity for reasons outside NB Power's control
- pay for fuel whether or not it is consumed
- pay disputed amounts before the resolution of disputes
- absorb substantial termination and cost-escalation risks
- bear construction schedule risks associated with delays in the delivery of equipment without financial remedy (paragraph 2.42)

These provisions mean that although the project is structured as a partnership, NB Power may still bear many of the economic risks normally associated with ownership, while not retaining the same degree of direct control over the asset. (paragraph 2.43)

To mitigate construction phase risk, the Agreement required performance assurance from ProEnergy in the amount of USD \$46 million due within 30 days of Agreement signing. However:

- The performance assurance payment was due on August 1, 2025, but was not paid to NB Power.
- An amendment to the Agreement was subsequently approved and dated December 31, 2025 to reduce the immediate security requirement to USD \$10 million, with the full USD \$46 million becoming payable only upon satisfaction of specified conditions. As a result, NB Power's contractual leverage to enforce ProEnergy's compliance with construction milestones and the agreed upon schedule was significantly weakened. (paragraph 2.44)

## REGULATORY CONSIDERATIONS

NB Power executed the Agreement with ProEnergy on July 2, 2025. On July 23, 2025, a motion was filed with the EUB to determine if the project was capital in nature requiring approval under section 107 of the *Electricity Act*. (paragraph 2.39)

On October 16, 2025, the EUB determined that the RIGS project was a capital project and that NB Power was required to obtain EUB approval before proceeding. This meant that NB Power had already entered into a long-term agreement without regulatory approval. (paragraph 2.40)

Without the EUB's approval to proceed prior to the targeted commercial operation date of August 1, 2028, the Agreement would require NB Power to compensate ProEnergy for early construction costs of up to USD \$55.1 million. (paragraph 2.41)

## **GOVERNANCE AND PROCESS CONSIDERATIONS**

NB Power treated the Agreement primarily as a supply arrangement rather than as a capital project undertaken by NB Power itself. As a result, the project did not proceed through the full Investment Governance Framework (IGF) in the way expected for a major capital commitment. (paragraph 2.33)

Based on materials from Board and committee meetings, we found limited documentation showing strong independent challenge of management's assumptions, alternatives, or recommendations before decisions were advanced. (paragraph 2.37)

The overall concern is that the project was managed outside the corporation's normal capital governance pathway, even though the substance of the commitment was comparable to a major capital project. (paragraph 2.38)

## **CLOSING**

NB Power advanced the Renewable Integration and Grid Security project (RIGS) through key decisions before supporting analysis, governance processes, and regulatory requirements were fully addressed. Critical choices were made without addressing significant risks.

As a result, NB Power assumed governance, financial, and long-term contractual risks. This approach increased exposure to cost and regulatory uncertainty and reduced assurance that risks to electricity customers were fully identified, assessed, and managed at key decision points. (Overall Conclusion)

Our responsibility was to provide objective information, to assist the Legislative Assembly in its scrutiny of NB Power with respect to this initiative. To ensure this report is credible, we obtained confirmation that the information to be reported is accurate from NB Power. (Appendix IV)

# Appendix III: Summary Timeline

- July 2023 – NB Power identified future electricity capacity shortfalls through long-term system planning and published the *Integrated Resource Plan*.
- October 2023 – Preferred technology (dual-fuel combustion turbines) identified in the project charter before the completion of a comprehensive alternatives analysis.
- March 18, 2024 – The *Resource Adequacy Report* recommended that 400 MW of generation capacity be secured by 2028.
- April–May 2024 – Executives approved the project charter and partnership model. The ownership analysis indicated a lower cost than the partnership option.
- June–November 2024 – Procurement advanced. Executives and the Board approve ProEnergy as the preferred partner and do not pursue ownership.
- July 2, 2025 – NB Power executed a 25-year tolling agreement with ProEnergy prior to regulatory approval.
- October 16, 2025 – The Energy and Utilities Board determined the project is a capital project requiring prior approval.
- December 31, 2025 – Amendments to the Agreement are signed, reducing performance security. The Indigenous partnership remains unresolved.
- August 1, 2028 (target) – Planned in-service date for approximately 400 MW of dispatchable generation capacity.

# Appendix IV:

## Independent Information Report

This independent information report was prepared by the Office of the Auditor General of New Brunswick on NB Power's Renewable Integration and Grid Security project. This report is not an audit and does not express an audit opinion. Our responsibility was to provide objective information, to assist the Legislative Assembly in its scrutiny of NB Power with respect to this initiative. To ensure this report is credible, we obtained confirmation that the information to be reported is accurate from NB Power.

This report is conducted under the authority of the *Auditor General Act*. The Office of the Auditor General of New Brunswick applies the Canadian Standard on Quality Management 1 – Quality Management for Firms That Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements. This standard requires our office to design, implement, and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

In conducting our work, we have complied with the independence and other ethical requirements of the Rules of Professional Conduct of Chartered Professional Accountants of New Brunswick and the Code of Professional Conduct of the Office of the Auditor General of New Brunswick. Both the Rules of Professional Conduct and the Code are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour.

### **DATE OF THE REPORT**

We concluded our work on NB Power and its Renewables Integration and Grid Security project on May 11, 2026, in Fredericton, New Brunswick.



# Student Achievement in Literacy

## Chapter 3

**Volume I: Performance Audit**  
Independent Assurance Report



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## Department of Education and Early Childhood Development

### STUDENT ACHIEVEMENT IN LITERACY



STUDENT ACHIEVEMENT IN LITERACY

# Chapter 3 Highlights

Literacy results show large, persistent gaps compared to provincial targets	Not all provincial literacy targets are monitored or supported by assessments	No intervention thresholds to identify targeted support required
Known literacy achievement gaps are not driving timely, targeted action		Effectiveness of literacy programs and student-level interventions are not consistently evaluated

**OVERALL CONCLUSION:**








While the Department of Education and Early Childhood Development has mechanisms to measure student literacy achievement, they are inconsistent, and monitoring is insufficient to ensure timely adjustments are made.

# Results at a Glance

## STUDENT ACHIEVEMENT IN LITERACY

### Improvements required to measure and monitor student literacy achievement



FINDINGS	
	No provincial literacy assessment target was met in any year of our audit period, for any assessment, with <b>results falling short</b> of targets from 7.8% to 34.4%
	Provincial literacy target for First Nations students <b>not monitored or reported</b>
	<b>No achievement thresholds</b> to trigger targeted supports
	Districts <b>do not set literacy targets that are aligned</b> with the provincial education plan targets, as required by the <i>Education Act</i>
	Over 50% of Anglophone students <b>achieving below the required level</b> are not receiving specialized learning plan interventions
	Six out of eight literacy <b>programs did not have evaluations</b> to assess their effectiveness in improving student literacy outcomes
	2.8% of Anglophone students and 13.6% of Francophone students <b>graduated without obtaining required literacy proficiency</b>

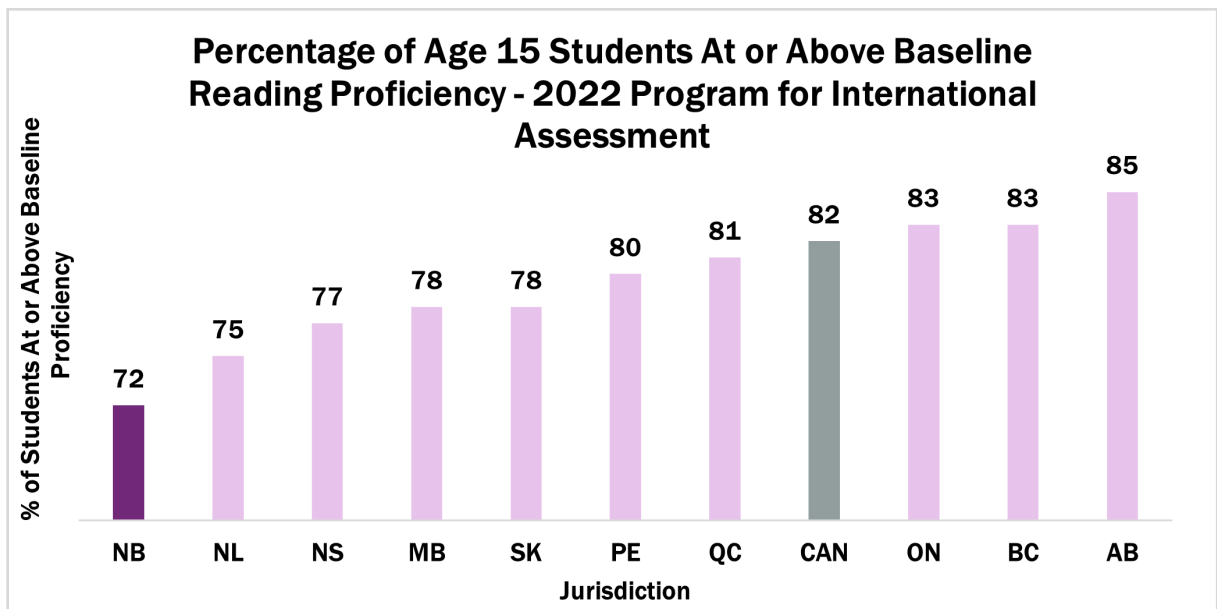
# About the Audit

## INTRODUCTION TO THE AUDIT

- 3.1 There were 108,779 students enrolled in the New Brunswick public school system from Kindergarten to Grade 12 in the 2024-2025 school year.
- 3.2 The mission for New Brunswick public schools is to have each student develop the attributes needed to be a lifelong learner, achieve personal fulfilment and contribute to a productive, just, and democratic society.
- 3.3 In 2016, the Department of Education and Early Childhood Development established 10-year education plans for both the Anglophone and Francophone sectors. These plans identify a literate population as “the cornerstone of a cohesive, thriving, and sustainable society,” recognizing that literacy influences both students’ academic success and overall quality of life.
- 3.4 Improving literacy outcomes has been identified as a key government priority within internal accountability reports which state “without a good foundation in literacy, all of our other efforts will be compromised.”

## WHY WE CHOSE THIS TOPIC

- 3.5 New Brunswick had the lowest reading scores across Canada in a 2022 assessment of 15-year-olds, as shown below:



Source: Prepared by AGNB based on data from *Measuring Up: Canadian Results of the OECD Program for International Students Assessment 2022 Study (15-year-old-students) (unaudited)*

- 3.6 The province's 2016 report *The Power of Literacy: Moving Towards New Brunswick's Comprehensive Literacy Strategy*, identified literacy as an essential skill affecting the quality of life of New Brunswickers, and linked low literacy rates to numerous social and economic issues such as fewer economic opportunities for individuals, the remedial cost of learning programs, and inter-generational costs as low literacy skills are passed from parents to children.
- 3.7 A lack of adequate actions to support, assess, and monitor literacy for children enrolled in the New Brunswick public school system could put students at risk for impaired social fulfilment and economic opportunities in their adult lives.

## AUDITEE

- 3.8 Our auditee was the Department of Education and Early Childhood Development (the Department). We also made enquiries and obtained audit evidence from the province's seven school districts.

## AUDIT SCOPE

- 3.9 For the purpose of this audit, literacy assessments include assessments of reading and/or writing in the primary language of instruction for each linguistic sector.
- 3.10 Our scope included literacy assessments, and literacy-related programs and services for students in Kindergarten through Grade 12 (K-12) in the Anglophone and Francophone sectors of the public education system.
- 3.11 The audit covered the period from July 1, 2022 – June 30, 2025. Information outside of this period was also collected and examined as deemed necessary.
- 3.12 As part of our work, we interviewed departmental staff and reviewed relevant legislation, policies, annual reports, provincial literacy assessment data, and other documentation supporting the Department's systems and practices.
- 3.13 More details on the audit objective, criteria, scope, and approach we used in completing our audit can be found in Appendix II and Appendix III.

## AUDIT OBJECTIVE

- 3.14 Our audit objective was to determine if the Department of Education and Early Childhood Development has adequate mechanisms in place to measure, monitor and report on student literacy achievement, and ensure timely adjustments are made to improve performance.

## CONCLUSION

**3.15** Our audit work concluded that while the Department of Education and Early Childhood Development has mechanisms to measure student literacy achievement, they are inconsistent, and monitoring is insufficient to ensure timely adjustments are made. Overall findings are as follows:

- improvements are required in literacy target and assessment practices
- not all literacy programs are evaluated to make timely adjustments to improve student literacy performance
- identified literacy gaps are not driving timely, targeted action
- public reporting on the achievement of provincial literacy targets is timely

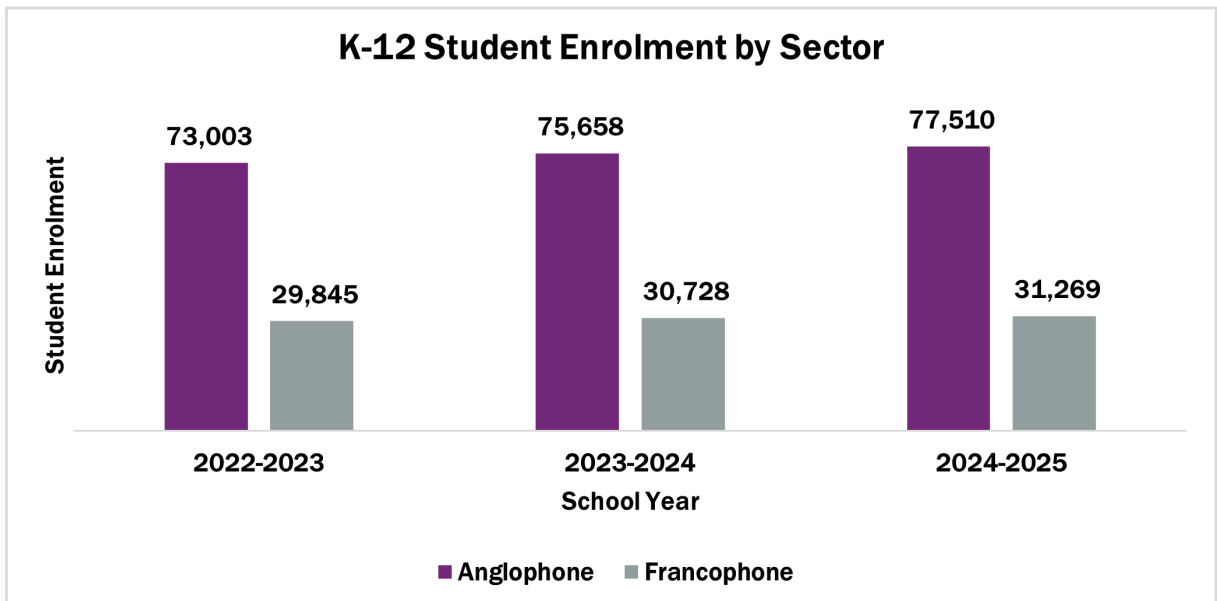
# Background

**3.16** The New Brunswick education system is divided into two linguistic sectors: Anglophone and Francophone. The *Education Act* requires the Department to have a dedicated division for each linguistic sector to “develop and oversee the implementation and evaluation of educational programs and educational services.” Each division has its own curriculum, student services, and assessments.

**3.17** Below is an overview of the New Brunswick education system, by linguistic sector for 2024-2025:

Statistics	Anglophone	Francophone	Total
Number of Districts	4	3	7
Number of Schools	206	90	296
Pupil Enrolment	77,510	31,269	108,779

**3.18** Between the 2022-2023 and 2024-2025 school years, total K-12 enrolment in the New Brunswick public school system increased by 5.8%:



Source: Prepared by AGNB based on data from the Department (unaudited)

**3.19** The Department carries out provincial literacy assessments at different grade levels:

- the Anglophone sector assesses reading in Grades 4 and 6 and conducts the English Language Proficiency Assessment (ELPA) in Grade 9
- the Francophone sector assesses reading in Grades 2, 3, and 7, assesses writing in Grades 4 and 7 and conducts the Grade 10 Provincial Reading and Writing Assessment

**3.20** The following chart outlines the responsibilities under the *Education Act* of the Department, District Education Councils, district superintendents, and school principals, as they relate to student achievement:

<b>Department</b>
<ul style="list-style-type: none"><li>• set provincial educational goals and standards</li><li>• develop provincial education plans</li><li>• design, oversee, and evaluate educational programs and services</li><li>• monitor student performance</li></ul>
<b>District Education Councils</b>
<ul style="list-style-type: none"><li>• oversee district operations</li><li>• submit a 3-year district education plan that is consistent with provincial education plan to the Department</li><li>• approve annual district performance reports</li></ul>
<b>Districts (Superintendent)</b>
<ul style="list-style-type: none"><li>• coordinate educational programs and services prescribed by the Department</li><li>• prepare and implement the district education plan</li><li>• develop annual district performance reports</li></ul>
<b>Schools (Principal)</b>
<ul style="list-style-type: none"><li>• implement the curriculum prescribed by the Department</li><li>• prepare an annual school improvement plan and coordinate its implementation</li><li>• prepare an annual school performance report</li></ul>

**3.21** The focus of this audit was on the responsibilities of the Department as they relate to student achievement in literacy.

# Improvements Required in Literacy Target and Assessment Practices

## EDUCATION PLANS HAVE ESTABLISHED PROVINCIAL LITERACY TARGETS

- 3.22** The *Education Act* requires the Department to establish educational goals and standards in each linguistic sector and gives the Department the authority to conduct examinations in any grade.
- 3.23** In 2016, the Department established clear, measurable targets for both sectors aimed at improving literacy skills for all learners in their 10-year education plans. Targets were set for the percentage of students achieving required levels on provincial reading and writing assessments:

Anglophone Sector	
Assessment	Target
Grade 2 Reading (discontinued)	90%
Grade 4 Reading	90%
Grade 6 Reading	90%
Grade 9 Reading (ELPA) (first attempt)	90%
ELPA First Nations Students (first attempt)	90%
Francophone Sector	
Assessment	Target
Grade 2 Reading	90%
Grade 3 Reading	90%
Grade 4 Reading (discontinued)	85%
Grade 4 Writing	85%
Grade 7 Reading	85%
Grade 7 Writing	85%
Grade 11 Reading and Writing (discontinued)	80%

## THE DEPARTMENT HAS A PROCESS TO REGULARLY COLLECT STUDENT LITERACY DATA

- 3.24** The Department collects literacy results from reading and writing assessments through the Assessment and Analysis Services branch in the Anglophone sector and the Measurement, Research and Evaluation branch in the Francophone sector.

**3.25** Elementary and middle school assessments, and the Grade 10 Provincial Reading and Writing Assessment (Francophone sector) are conducted in the spring of each year, and the ELPA (Anglophone sector) is conducted in January. Teachers receive the results for all assessments before the end of the school year.

## LITERACY RESULTS CONSISTENTLY FALL SHORT OF TARGETS

**3.26** Literacy data collected by the Department shows that targets from the education plans were not met in any year of our audit period, for any assessment.

**3.27** While achievement rates varied across assessments, sectors, and years, the shortfall in results compared to targeted achievement ranged from 7.8% to 34.4%:

Anglophone Sector Grade 4 Provincial Reading Assessment			
School Year	2022 - 2023	2023 - 2024	2024 - 2025
Target	90%	90%	90%
Achievement Rate	56.6%	55.6%	60.5%

Anglophone Sector Grade 6 Provincial Reading Assessment			
School Year	2022 - 2023	2023 - 2024	2024 - 2025
Target	90%	90%	90%
Achievement Rate	69.3%	76.0%	78.3%

Anglophone Sector Grade 9 Provincial Reading Assessment (ELPA)			
School Year	2022 - 2023	2023 - 2024	2024 - 2025
Target	90%	90%	90%
Achievement Rate	80.3%	82.2%	80.9%

Francophone Sector Grade 2 Provincial Reading Assessment			
School Year	2022 - 2023	2023 - 2024	2024 - 2025
Target	90%	90%	90%
Achievement Rate	60.2%	61.4%	60.2%

Francophone Sector Grade 3 Provincial Reading Assessment			
School Year	2022 - 2023	2023 - 2024	2024 - 2025
Target	90%	90%	90%
Achievement Rate	68.8%	70.2%	69.5%

Francophone Sector Grade 4 Provincial Writing Assessment			
School Year	2022 - 2023	2023 - 2024	2024 - 2025
Target	85%	85%	85%
Achievement Rate	60.0%	68.3%	69.1%

Francophone Sector Grade 7 Provincial Reading Assessment			
School Year	2022 - 2023	2023 - 2024	2024 - 2025
Target	85%	85%	85%
Achievement Rate	75.2%	73.8%	69.2%

Francophone Sector Grade 7 Provincial Writing Assessment			
School Year	2022 - 2023	2023 - 2024	2024 - 2025
Target	85%	85%	85%
Achievement Rate	62.5%	62.9%	55.7%

## NOT ALL PROVINCIAL LITERACY TARGETS ARE BEING ASSESSED

### Grade 2 Student Achievement

- 3.28 The education plan for the Anglophone sector set a literacy target of 90% of Grade 2 students achieving required results in reading.
- 3.29 The Anglophone Grade 2 assessment used to measure that target was discontinued after the 2017-2018 school year.
- 3.30 No comparable early-grade provincial literacy assessment was in place until the Early Grades Literacy Assessment was fully implemented in the 2024-2025 school year.

### Grade 4 Student Achievement

- 3.31 The education plan for the Francophone sector set a literacy target of 85% of students achieving the required results in Grade 4 reading and writing assessments.
- 3.32 The Francophone Grade 4 reading assessment was discontinued after the 2017-2018 school year and has not been replaced.

### Grade 11 Student Achievement

- 3.33 The education plan for the Francophone sector set a literacy target of 80% of students achieving the required results in the Grade 11 reading and writing assessments.
- 3.34 The Francophone Grade 11 reading assessment was discontinued after the 2018-2019 school year, and the writing assessment was discontinued after the 2017-2018 school year.

**3.35** No replacement assessment existed until the Grade 10 Provincial Reading and Writing Assessment (Francophone sector) was introduced in 2022-2023.

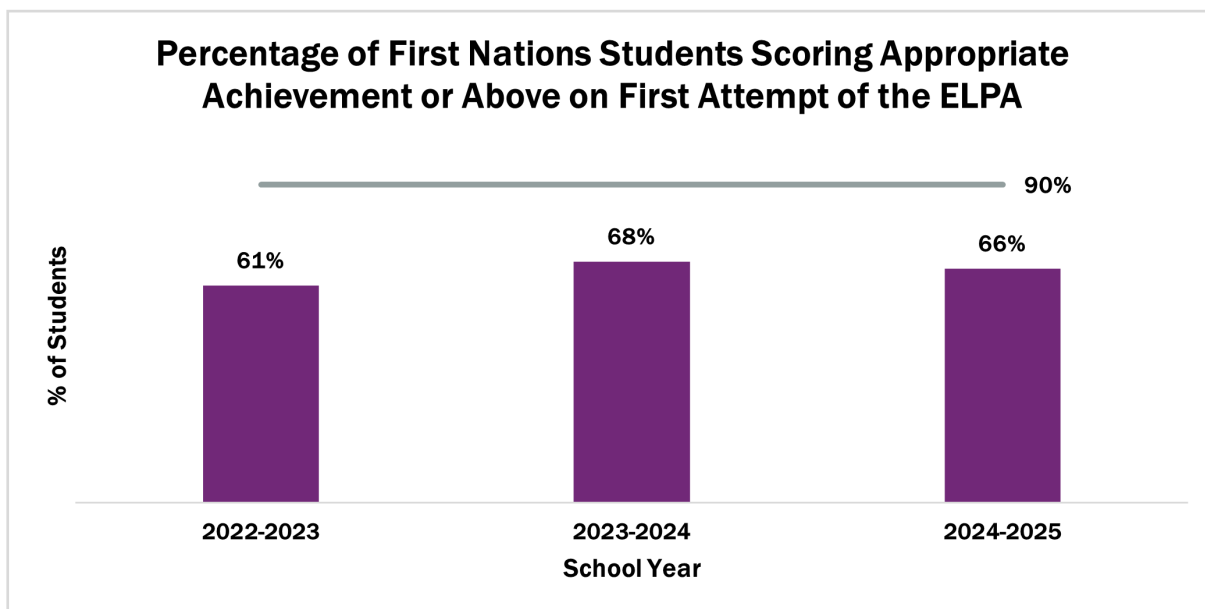
**3.36** As a result of these assessments being discontinued, the Department lacked consistent provincial data to measure progress toward its literacy targets and identify gaps affecting students during this period.

### Target for First Nations Student Achievement Is Not Monitored or Reported

**3.37** The education plan for the Anglophone sector included a target that 90% of First Nations students achieve required results on their first attempt of the ELPA.

**3.38** While the assessment result data set includes a First Nations identifier, we found no evidence that performance against the target was being monitored or reported.

**3.39** We found that the target was not met in any year of our audit period:



*Source: Prepared by AGNB based on data from the Department (unaudited)*

**3.40** Without monitoring and reporting on progress against the provincial target for First Nations student achievement, the Department cannot take timely action when First Nations learners are not achieving expected outcomes. This increases the risk that achievement gaps for First Nations students will persist or widen without detection or accountability.

## TARGETS ARE NOT ESTABLISHED FOR NEW LITERACY ASSESSMENTS

**3.41** Two new literacy assessments have been introduced without associated targets:

- In the 2024-2025 school year the Early Grades Literacy Assessment was launched across the Anglophone sector as an ongoing formative assessment of foundational literacy skills for Kindergarten to Grade 2 English Prime classes, and Grades 1 to 3 French Immersion classes.
- In the 2022-2023 school year, the Francophone Sector Grade 10 Provincial Reading and Writing Assessment was administered for the first time to all Grade 10 students in the Francophone sector.

**3.42** Without established targets, the Department cannot evaluate whether student performance is acceptable and programs are effective.

### Recommendations

**3.43** We recommend that the Department of Education and Early Childhood Development ensure all provincial literacy assessments have measurable, evidence-based achievement targets.

**3.44** We recommend that the Department of Education and Early Childhood Development consistently monitor and report on all literacy targets.

## LITERACY RESULTS ARE NOT CALCULATED CONSISTENTLY

**3.45** In the annual publication of assessment results, the Department has stated that provincial assessments are important because their standardized nature provides reliable, valid, and comparable data that supports government decision-making.

**3.46** Some students do not write provincial literacy assessments because they are formally exempted by the Department. This may occur, for example, when a student is following an individualized learning program, experiences serious illness or bereavement, or has not yet developed sufficient language proficiency.

**3.47** We found that, while both sectors collect detailed assessment data, there are inconsistencies in how exemptions are considered in achievement results across grades and linguistic sectors.

Sector	Assessment	Exemptions Removed?
Anglophone	Grades 4 and 6 Reading	No
Anglophone	Grade 9 ELPA	All Exemptions
Francophone	Grades 2, 3 and 7 Reading; Grades 4 and 7 Writing	Language-Based Exemptions
Francophone	Grade 10 Provincial Reading and Writing Assessment	All Exemptions

**3.48** These inconsistencies limit the comparability and reliability of literacy assessment results and reduce the Department’s ability to compare performance or assess students as they progress through grades.

### Recommendation

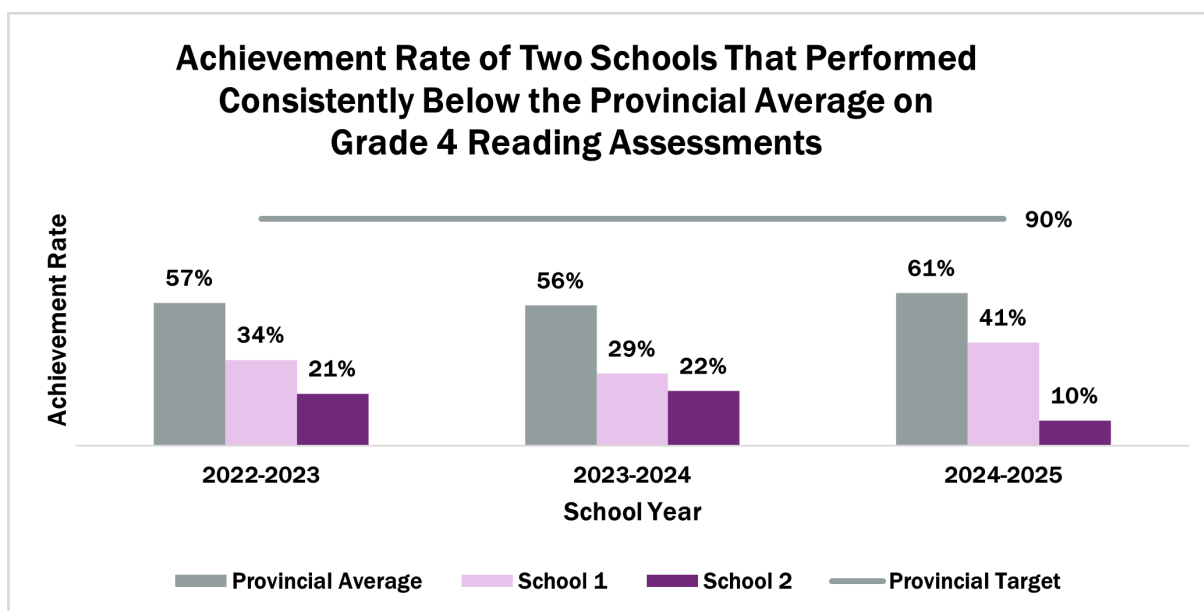
**3.49** We recommend that the Department of Education and Early Childhood Development ensure literacy achievement results are comparable across grades, years, and linguistic sectors and can be reliably used to monitor progress toward provincial literacy targets.

# Not All Literacy Gaps Receive Corrective Action

## THE DEPARTMENT LACKS THRESHOLDS TO TRIGGER TARGETED SUPPORT

- 3.50** We found there is no process or intervention threshold at the Department to identify when a district or school requires targeted support.
- 3.51** During our audit period, the largest shortfalls from provincial literacy targets at grade level occurred in elementary reading:
- Anglophone sector (all districts): Grade 4 reading results were 34.4% below target in 2023-2024
  - Francophone sector (all districts): Grade 2 reading results were 29.8% below target in 2024-2025
- 3.52** The largest shortfalls from provincial literacy targets at the district level occurred in:
- Anglophone East School District, which recorded the largest shortfall from target among Anglophone districts across all assessments in our audit period, excluding the 2024–2025 ELPA. The district’s greatest shortfall was 38.8% below target on the 2023–2024 Grade 4 reading assessment.
  - Francophone South School District, where Grade 2 reading results were 33.8% below target in 2024–2025
- 3.53** In the Anglophone sector, only 4/130 schools achieved the target on the 2024-2025 Grade 4 reading assessment, with one school having an 80% shortfall in results when compared to target.
- 3.54** In the Francophone sector, only 4/69 schools achieved the target on the 2024-2025 Grade 2 reading assessment, with one school having no successful writers.
- 3.55** We found that five schools in the Anglophone sector performed consistently below the provincial average achievement rate on every assessment in our audit period.

3.56 Below is the performance of two of these schools on the Grade 4 reading assessments in our audit period:



Source: Prepared by AGNB based on data from the Department (unaudited)

3.57 The lack of a threshold for when to intervene at the district or school level based on assessment results could result in a lack of programming to targeted areas of need.

## Recommendation

3.58 We recommend that the Department of Education and Early Childhood Development establish criteria, based on provincial assessment data, to consistently identify when school districts and schools are experiencing persistent or significant literacy achievement gaps to help guide when additional supports and targeted interventions are needed.

## NOT ALL IDENTIFIED LITERACY GAPS HAVE REMEDIATION PLANS

3.59 Gaps in literacy achievement that have been identified by the Department with no remediation plans are in the following areas:

- Francophone sector middle school learners
- English Prime learners
- First Nations learners

## Francophone Sector Middle School

**3.60** The shortfall in results compared to targets on Francophone 2024-2025 middle school assessments were:

- 15.8% on the Francophone Grade 7 reading assessment
- 29.3% on the Francophone Grade 7 writing assessment

## English Prime

**3.61** In the Anglophone sector, students enrolled in the French Immersion program consistently performed better on English language literacy assessments than students enrolled in the English Prime program. This performance gap was evident across all provincial literacy assessments administered during the audit period:

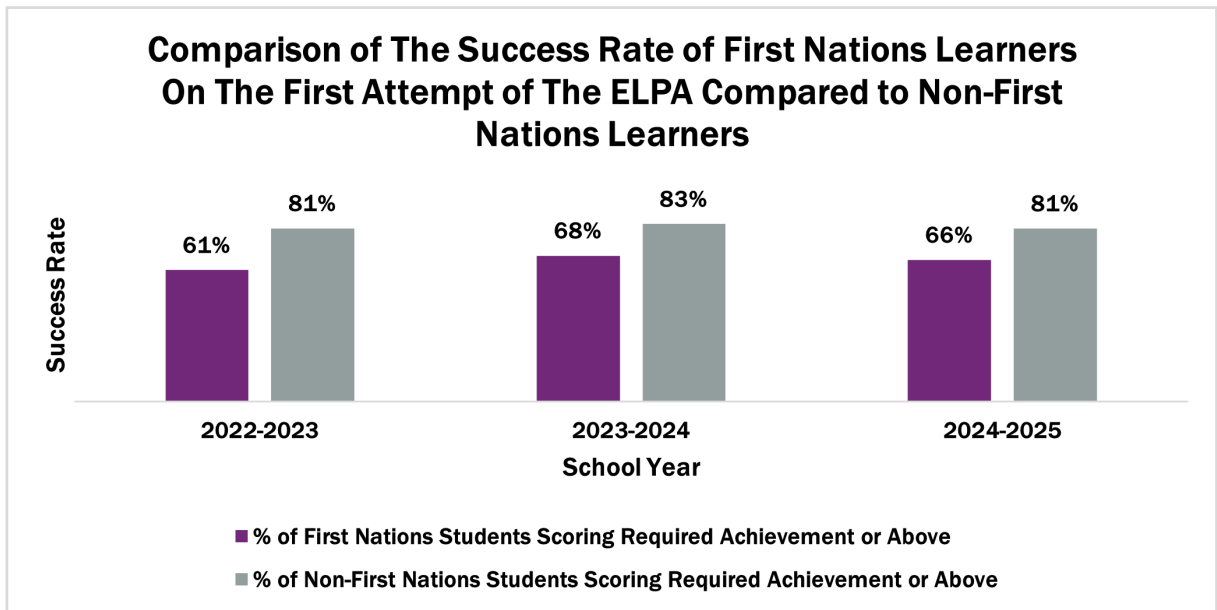
Grade 4 English Reading Assessment			
School Year	2022 - 2023	2023 - 2024	2024 - 2025
Early French Immersion	66.0%	64.1%	72.7%
English Prime	52.0%	51.7%	55.3%

Grade 6 English Reading Assessment			
School Year	2022 - 2023	2023 - 2024	2024 - 2025
Early French Immersion	81.6%	90.0%	91.1%
Late French Immersion	82.2%	83.8%	89.8%
English Prime	60.8%	67.4%	69.9%

Grade 9 English Language Proficiency Assessment			
School Year	2022 - 2023	2023 - 2024	2024 - 2025
Early French Immersion	92.6%	92.6%	92.9%
Late French Immersion	88.4%	90.7%	91.4%
English Prime	72.8%	76.2%	74.7%

## First Nations Learners

- 3.62** The Anglophone education plan identified a need to address the achievement gap between First Nations and non-First Nations learners, however, the Department has not been tracking achievement of this indicator.
- 3.63** Our analysis showed that there is still a notable achievement gap between First Nations learners and non-First Nations learners, as noted below:



*Source: Prepared by AGNB based on data from the Department (unaudited)*

- 3.64** We could find no documentation of a formalized remediation plan to address noted gaps.
- 3.65** Unaddressed gaps in both sectors could have a detrimental impact on literacy in New Brunswick.

### Recommendation

- 3.66** We recommend that the Department of Education and Early Childhood Development establish and implement formalized remediation plans, including defined actions, timelines, and mechanisms to monitor progress.

## DISTRICT LITERACY TARGETS ARE NON-COMPLIANT WITH LEGISLATION

3.67 The *Education Act* states that:

- each District Education Council shall establish, implement and monitor a three-year district education plan that is consistent with the provincial education plan

3.68 We found that none of the seven school districts set literacy targets that aligned with the provincial education plans in their district education plans. The established targets were as follows for 2022-2025:

District	District Target	Provincial Target
Anglophone East	No Assessment Targets Set	90%
Anglophone North	Grade 4 - 75% Grade 6 - 85% Grade 9 - No Target	
Anglophone South	No Assessment Targets Set	
Anglophone West	5% Increase Each Year for All Assessments	
Francophone North-East	No Assessment Targets Set	Grades 2-3 - 90% Grades 4-7 - 85%
Francophone North-West	80% for All Assessments	
Francophone South	No Assessment Targets Set	

*Source: Prepared by AGNB based on information from the Department (unaudited)*

3.69 The Department is aware that districts set no or lower literacy targets than the province and has not requested updated plans to ensure consistency with provincial education plans.

### Recommendation

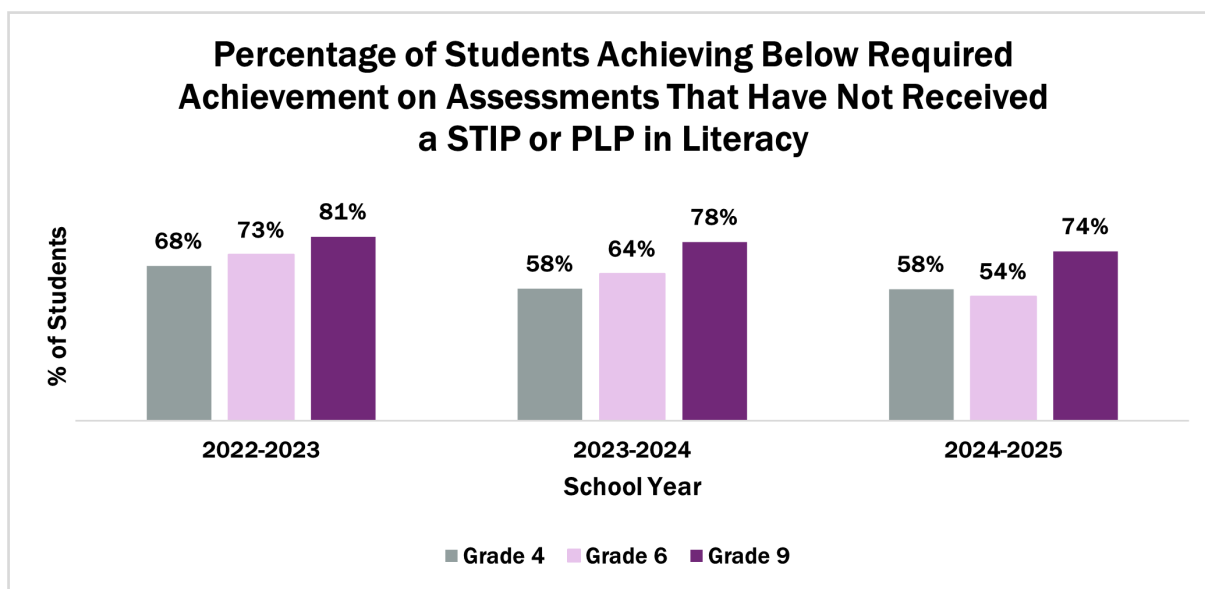
3.70 We recommend that the Department of Education and Early Childhood Development require district education plans to include literacy targets that are aligned with provincial literacy targets.

## STUDENTS ACHIEVING BELOW REQUIRED LITERACY LEVELS ARE NOT CONSISTENTLY RECEIVING ADEQUATE SUPPORTS

- 3.71** The Department aims to ensure the consistent and equitable application of support services including Short-Term Intervention Plans (STIPs), Personalized Learning Plans (PLPs) and Intervention Plans (IPs).
- 3.72** Teachers and Education Support Services teams are responsible for putting supports in place for students based on observed needs and reviewing what interventions have already taken place prior to escalating.

### Anglophone Sector

- 3.73** We examined students who achieved below required levels on literacy assessments to determine if they received literacy interventions (STIPs/PLPs). As noted in the graph below, over 50% of students achieving below the required levels had not received these types of literacy interventions:



Source: Prepared by AGNB based on data from the Department (unaudited)

- 3.74** We also found that 32% of students who achieved below required levels on their Grade 4 assessment in 2022-2023 continued to do so on their subsequent Grade 6 assessment in 2024-2025. Of these:
- 49% had not receive literacy support in the form of a STIP or a PLP
- 3.75** Without interventions, students who are underachieving may continue to face future academic challenges.

## Francophone Sector

**3.76** Due to technical limitations, the Francophone sector was not able to provide the data to determine whether students below benchmarks are receiving interventions in literacy.

### Recommendations

**3.77** We recommend that the Department of Education and Early Childhood Development ensure students achieving below the required level on provincial literacy assessments are receiving adequate interventions.

**3.78** We recommend that the Department of Education and Early Childhood Development ensure that historical data on student interventions where formally documented is available for analysis in both linguistic sectors.

## INSUFFICIENT RESOURCES ALLOCATED TO SUPPORT STUDENT PROGRESS

**3.79** Personalized Learning Plans (PLPs) in the Anglophone sector and Intervention Plans (PIs) in the Francophone sector represent the most intensive type of support provided.

**3.80** While many teachers and support staff may be involved, Educational Support Teachers have a primary role in planning and monitoring learning plans.

**3.81** Educational Support Teachers are allocated based on student population, using a ratio funded at 1:180 in the Anglophone sector and 1:140 in the Francophone sector. Departmental experts determined the recommended ratio should be 1:120.

**3.82** A departmental project underway in the Anglophone sector, involving reviewing staffing formulas, recognizes that Educational Support Teachers are the highest-impact instructional support role and has identified that their workloads are unsustainable.

**3.83** Insufficient allocation of critical support resources could result in students with higher needs not receiving the support necessary to succeed, and not having their progress monitored consistently.

### Recommendation

**3.84** We recommend that the Department of Education and Early Childhood Development monitor the workloads of Educational Support Teachers and ensure that they are sufficiently allocated to meet student support needs.

# Effectiveness of Literacy Programs and Student Supports is Not Consistently Evaluated

## LITERACY PROGRAMS OFTEN NOT EVALUATED

**3.85** The *Education Act* states that each linguistic sector shall have a dedicated division to develop and oversee the implementation and evaluation of educational programs and educational services.

**3.86** Various literacy initiatives have been initiated in response to gaps identified in elementary and high school. We reviewed four initiatives in each sector to determine if they are evaluated to make timely corrective action.

### *Anglophone Sector*

**3.87** In the Anglophone sector we found:

- 4/4 programs had established key performance indicators
- 1/4 programs utilized key performance indicators to evaluate effectiveness

### *Francophone Sector*

**3.88** In the Francophone sector we found:

- 3/4 programs had established key performance indicators
- 1/4 programs utilized key performance indicators to evaluate effectiveness

**3.89** A lack of regular reviews and evaluations of effectiveness for literacy programs could result in programs being continued that are not working to close gaps.

### **Recommendation**

**3.90** We recommend that the Department of Education and Early Childhood Development include plans for review and evaluation of effectiveness for literacy programs and ensure they are carried out.

## PROGRESS ON LEARNING PLANS IS NOT MONITORED AT THE DEPARTMENT LEVEL

**3.91** Progress reporting on PLPs and PIs is captured in departmental systems, however there is no monitoring of progress for students on learning plans by the Department.

**3.92** We noted the achievement of goals on PLPs and PIs in both sectors across our audit period was as follows:

- Anglophone sector - 19% not met
- Francophone sector - 9% not met

**3.93** Insufficient reporting and monitoring of progress on PLPs and PIs creates a risk that students struggling to meet their goals would go unnoticed and unaddressed, services may not be working and intended corrective actions are not made.

### Recommendation

**3.94** We recommend that the Department of Education and Early Childhood Development regularly review the progress of students on learning plans to monitor the effectiveness of supports and make timely adjustments as required.

## GRADUATION-LEVEL LITERACY OUTCOMES ARE NOT MONITORED

**3.95** During the audit period, we found that literacy gaps persisted at graduation with students continuing to graduate without obtaining required literacy proficiency. In 2024-2025:

- 186 (2.8%) students in the Anglophone sector
- 316 (13.6%) students in the Francophone sector

**3.96** The Department does not monitor or report on the number of students graduating without meeting required literacy proficiency to assess the effectiveness of literacy programs and supports in ensuring that students are leaving the public school system with foundational literacy skills.

### Recommendation

**3.97** We recommend that the Department of Education and Early Childhood Development monitor and report on literacy proficiency outcomes at graduation to inform the effectiveness of programs and services and system level decision making.

# Public Reporting on Literacy Results is Timely

- 3.98** The Department communicated literacy assessment results to districts, schools, and teachers in a timely manner before the end of the school year, allowing time for planning and decision making prior to the next school year.
- 3.99** The Department also publicly released reports on provincial literacy assessment results in a timely manner, generally within three months of assessments being administered.
- 3.100** The Department is also monitoring and publicly reporting on a government priority that was initiated in February 2025 to improve literacy outcomes, targeting an increase of 2% of students scoring at or above the required level each year on the Grade 3 (Francophone) and Grade 4 (Anglophone) reading assessments:

	Francophone Grade 3 Reading	Anglophone Grade 4 Reading – English Prime	Anglophone Grade 4 Reading – French Immersion
Target	71.5%	52.7%	65.4%
2025 Status	69.5%	55.3%	72.7%

# New Education Plans

**3.101** The current 10-year education plans expire in 2025-2026. At the time of our audit, the Department was developing new provincial education plans which are expected to be released in May 2026 and will establish new priorities, targets, and expectations.

**3.102** As these plans were still under development and had not been implemented during the audit period, we did not assess their design or effectiveness. Our audit conclusions are based on the Department's systems, practices, and performance in place during the period examined.

# Appendix I:

## RECOMMENDATIONS AND RESPONSES

Par. #	Recommendation	Entity's Response	Target Implementation Date
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We recommend that the Department of Education and Early Childhood Development:

3.43	ensure all provincial literacy assessments have measurable, evidence-based achievement targets.	<b>Agree</b> The Department recognizes the importance of having evidence-based achievement targets for our provincial literacy assessments. This is a priority area for the new Education Plans for the Anglophone and Francophone sectors. Each plan has set improvement targets for provincial literacy assessments.	2026-06-01
3.44	consistently monitor and report on all literacy targets.	<b>Agree</b> The Department consistently reports on provincial assessment results. Literacy targets identified in the new Education Plans will be reported on annually.	2026-06-01
3.49	ensure literacy achievement results are comparable across grades, years, and linguistic sectors and can be reliably used to monitor progress toward provincial literacy targets.	<b>Agree</b> The Department recognizes the importance of ensuring that literacy achievement results are comparable across grades, years, and linguistic sectors. While the Anglophone and Francophone sectors operate as two distinct education sectors, the Department is committed to strengthening alignment and consistency at a system level.	2026-06-01

Par. #	Recommendation	Entity's Response	Target Implementation Date
3.58	<p>establish criteria, based on provincial assessment data, to consistently identify when school districts and schools are experiencing persistent or significant literacy achievement gaps to help guide when additional supports and targeted interventions are needed.</p>	<p><b>Agree</b></p> <p>The Department agrees that establishing clear, consistent criteria based on provincial assessment data is an important step in identifying when school districts and schools may be experiencing persistent or significant literacy achievement gaps. Such criteria can help ensure that additional supports and targeted interventions are provided by school districts and schools in a timely and responsive manner.</p> <p>Under the <i>Education Act</i>, the Department plays a key role in monitoring system-level performance, setting provincial literacy targets, and identifying areas of concern through the analysis of provincial assessment data.</p>	2026-06-01
3.66	<p>establish and implement formalized remediation plans, including defined actions, timelines, and mechanisms to monitor progress.</p>	<p><b>Agree</b></p> <p>The Department supports the intent of ensuring that identified literacy achievement gaps are addressed through structured and responsive planning. This work is reflected in the provincial Education Plans, which emphasize early identification, targeted intervention, and ongoing monitoring of student progress.</p> <p>In the Anglophone Education Plan, there is a specific action for an intervention framework to ensure a consistent understanding and application of a Multi-Tiered System of Supports across the sector. As well as an established internal school review process and external school review process to support ongoing improvement in student achievement.</p>	<p>Work will be undertaken over the next three years aligned to the Education Plans.</p>

Par. #	Recommendation	Entity's Response	Target Implementation Date
3.70	require district education plans to include literacy targets that are aligned with provincial literacy targets.	<p><b>Agree</b></p> <p>The Department will work with school districts with the release of the new Education Plans to ensure that District Improvement Plans (DIPs) and School Improvement Plans (SIPs) are aligned with provincial improvement targets. This expectation is supported by the <i>Education Act</i>, which requires alignment across provincial, district, and school-level planning.</p> <p>The Anglophone Education Plan includes a specific action requiring measurable outcome targets tied to student achievement in literacy to be reflected in both district and school improvement plans and that these be publicly available.</p>	Work will be undertaken over the next three years aligned to the Education Plans.
3.77	ensure students achieving below the required level on provincial literacy assessments are receiving adequate interventions.	<p><b>Agree</b></p> <p>The Department recognizes the importance of ensuring that students performing below the expected level on provincial literacy assessments receive appropriate and timely interventions.</p> <p>Responsibility for identifying these students and implementing targeted interventions rests with school districts and schools. Within the framework of the provincial Education Plans, school districts and schools are expected to have processes in place to identify students who are not meeting learning outcomes and to provide and monitor appropriate supports.</p>	Work will be undertaken over the next three years aligned to the Education Plans.
3.78	ensure that historical data on student interventions where formally documented is available for analysis in both linguistic sectors.	<p><b>Agree</b></p> <p>The Department recognizes the value of having access to data on student interventions, where formally documented, to inform analysis, budgeting decisions, and support system improvement.</p>	2026-06-01
3.84	monitor the workloads of Educational Support Teachers and ensure that they are sufficiently allocated to meet student support needs.	<p><b>Agree</b></p> <p>Through the annual budgetary process, the Department continues to re-evaluate needs and prioritize resource requirements. As part of this exercise, a number of resource teachers, Academic Support Teachers and Educational Assistants were added the last several years to meet the needs of an ever-growing diversity of needs. Ongoing work is also being undertaken to review classroom composition and ensure that staffing models are aligned with school needs.</p>	2027-03-17

Par. #	Recommendation	Entity's Response	Target Implementation Date
3.90	include plans for review and evaluation of effectiveness for literacy programs and ensure they are carried out.	<p><b>Agree</b></p> <p>The Department agrees that the evaluation of literacy programs and curricula are important components of continuous improvement and curriculum implementation. Ongoing program and curricula review processes are already embedded within the system to assess effectiveness and support evidence-informed improvements in literacy instruction.</p>	2026-06-01
3.94	regularly review the progress of students on learning plans to monitor the effectiveness of supports and make timely adjustments as required.	<p><b>Agree</b></p> <p>The Department recognizes the importance of monitoring Personalized Learning Plans (PLPs) / Plan d'intervention (PI) and our current practices include monitoring and spot checks of PLPs and PIs to support consistency and quality.</p> <p>A measure in the Anglophone Education Plan that will be reported on annually is the following: % of students with a Personalized Learning Plan (Adjusted and Individualized) who meet their documented annual goals. This measure will support broader monitoring.</p> <p>In the Francophone sector, an audit on PIs (plans d'intervention) will begin in Q2 2026. The intent of the audit is to determine whether students meet their documented annual goals and also determine whether the plans are developed effectively. The results of the audit will guide next steps (training for teachers, resources to help develop effective plans, etc.)</p>	2026-06-30
3.97	monitor and report on literacy proficiency outcomes at graduation to inform the effectiveness of programs and services and system level decision making.	<p><b>Agree</b></p> <p>In accordance with Policy 316: <i>Graduation Requirements</i>, a Grade 9 reading comprehension assessment (Anglophone) and Grade 10 reading and writing competency evaluation (Francophone) are required for graduation. Results from these assessments, along with other relevant indicators, are used to support system-level analysis of student achievement in literacy.</p>	2026-06-01

# Appendix II:

## Audit Objective and Criteria

The objective and criteria for our audit of the Department of Education and Early Childhood Development are presented below. The Department of Education and Early Childhood Development and their senior management reviewed and agreed with the objective and associated criteria.

**Objective**      **To determine if the Department of Education and Early Childhood Development has adequate mechanisms in place to measure, monitor and report on student literacy achievement and ensure timely adjustments are made to improve performance.**

Criterion 1      The Department has established clear, measurable, evidence-backed literacy targets for students and regularly collects, monitors, and analyzes student literacy data to assess progress and identify gaps.

Criterion 2      The Department has programs and services in place to address the identified gaps and support the achievement of literacy targets.

Criterion 3      The Department evaluates the effectiveness of programs and services to make timely adjustments to improve student literacy performance.

Criterion 4      The Department provides timely public reporting on the achievement of provincial literacy targets.

# Appendix III:

## Independent Assurance Report

This independent assurance report was prepared by the Office of the Auditor General of New Brunswick (AGNB) on the Department of Education and Early Childhood Development and its role with respect to student literacy achievement. Our responsibility was to provide objective information, advice, and assurance to assist the Legislative Assembly in its scrutiny of the Department of Education and Early Childhood Development with respect to student literacy achievement.

All work in this audit was performed to a reasonable level of assurance in accordance with the Canadian Standard on Assurance Engagements (CSAE) 3001 – Direct Engagements set out by the Chartered Professional Accountants of Canada (CPA Canada) in the CPA Canada Handbook – Assurance.

AGNB applies the Canadian Standard on Quality Management 1 – Quality Management for Firms That Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements. This standard requires our office to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

In conducting the audit work, we have complied with the independence and other ethical requirements of the Rules of Professional Conduct of Chartered Professional Accountants of New Brunswick and the Code of Professional Conduct of the Office of the Auditor General of New Brunswick. Both the Rules of Professional Conduct and the Code are founded on fundamental principles of integrity, objectivity,

professional competence and due care, confidentiality and professional behaviour.

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

- confirmation of management's responsibility for the subject under audit
- 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
- confirmation that the findings in this report are factually based

### PERIOD COVERED BY THE AUDIT

The audit covered the period between July 1, 2022 to June 30, 2025. This is the period to which the audit conclusion applies. However, to gain a more complete understanding of the subject matter of the audit, we also examined certain matters outside of this period as deemed necessary.

### DATE OF THE REPORT

We obtained sufficient and appropriate audit evidence on which to base our conclusion on May 11, 2026, in Fredericton, New Brunswick.



# Grant Processes and Outcomes

## Chapter 4

**Volume I: Performance Audit**  
Independent Assurance Report



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## Department of Tourism, Heritage and Culture

### GRANT PROCESSES AND OUTCOMES



GRANT PROCESSES AND OUTCOMES

# Chapter 4 Highlights

Public communication of key grant details lacking	Inconsistent evaluation process	Limited monitoring on achievement of objectives
Insufficient processes to ensure responsible investment		

**OVERALL CONCLUSION:**

Our audit work concluded that the Department of Tourism, Heritage and Culture does not have sufficient processes in place to ensure responsible investment and achievement of outcomes. Overall findings pertaining to grant programs are as follows:







- Public details were difficult to find and when available were not always complete
- Consistent, formalized evaluation processes were lacking
- Grant programs lacked performance measurement mechanisms including established baselines and targets

# Results at a Glance

## GRANT PROCESSES AND OUTCOMES

### Insufficient processes to ensure responsible investment

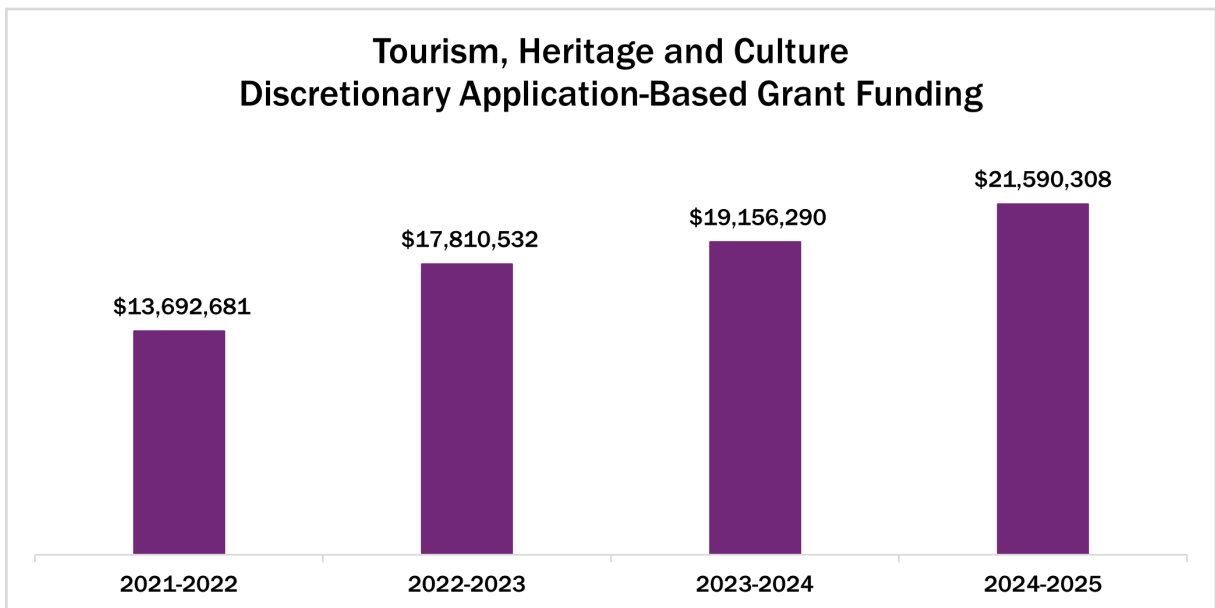


FINDINGS	
	Grant <b>programs not clearly communicated</b>
	53% of <b>grant awards</b> examined <b>did not have a signed agreement</b>
	37% of <b>programs did not have</b> defined <b>evaluation criteria</b>
	Grant recipient was <b>paid \$2.2 million above</b> advertised funding limit
	27% of final <b>reports did not have sufficient details</b> to demonstrate that grant outcomes were met
	Grant programs <b>lacked established baselines and targets</b>

# About the Audit

## INTRODUCTION TO THE AUDIT

- 4.1** The Department of Tourism, Heritage and Culture (the Department) is responsible for fostering economic growth, pride of place, and promoting New Brunswick. To achieve its objectives, the Department issues grants to both non-profit and for-profit entities through its various programs.
- 4.2** Between fiscal years ended 2022 - 2025, the total amount of application-based, discretionary grant funding awarded to recipients increased by 58%, reaching over \$21 million, as shown below:



*Source: Prepared by AGNB based on data from the Department (unaudited)*

- 4.3** In 2024-2025, non-profit organizations received 70% of the Department's application-based, discretionary grant funding while for-profit companies received the remainder.
- 4.4** Government Administration Manual Policy AD-6607 - *Grant Funding to Non-profit Organizations* (the Grant Policy) came into effect on July 1, 2023.
- 4.5** The Grant Policy's objective is to establish clear and consistent expectations for departmental reporting on the impacts and outcomes associated with grants in order to demonstrate effective and responsible investment of public funding in this sector.
- 4.6** Since a similar policy was not available for grant programs related to for-profit entities in the Administration Manual, we evaluated grants paid to for-profit entities against the same requirements as we considered them relevant to both.

## WHY WE CHOSE THIS TOPIC

- 4.7 Grant spending represents a significant portion of the Department of Tourism, Heritage and Culture's spending. As of fiscal 2024-2025, application-based, discretionary grant payments totaled 26% of the Department's budget.
- 4.8 It is important that grant programs are operated in a manner that ensures responsible investment of taxpayer funds and provides measurable benefit to the province.

## AUDITEE

- 4.9 Our auditee was the Department of Tourism, Heritage and Culture.

## AUDIT SCOPE

- 4.10 For the purposes of our audit, we examined the 32 application-based, discretionary grant programs administered by the Department.
- 4.11 The audit covered the period from April 1, 2023, to March 31, 2025. Information outside of this period was also collected and examined as deemed necessary. As part of our work, we interviewed departmental staff and reviewed relevant policies, guidelines and data pertaining to grant spending.
- 4.12 More details on the audit objective, criteria, scope, and approach we used in completing our audit can be found in Appendix II and Appendix III.

## AUDIT OBJECTIVE

- 4.13 Our audit objective was to determine if the Department of Tourism, Heritage and Culture has adequate grant processes that ensure responsible investment and achievement of outcomes.

## CONCLUSION

- 4.14 Our audit work concluded that the Department of Tourism, Heritage and Culture does not have sufficient processes in place to ensure responsible investment and achievement of outcomes. Overall findings pertaining to grant programs are as follows:
- Public grant program details were difficult to find and when available were not always complete
  - Consistent, formalized evaluation processes were lacking
  - Grant programs lacked performance measurement mechanisms including established baselines and targets

# Background

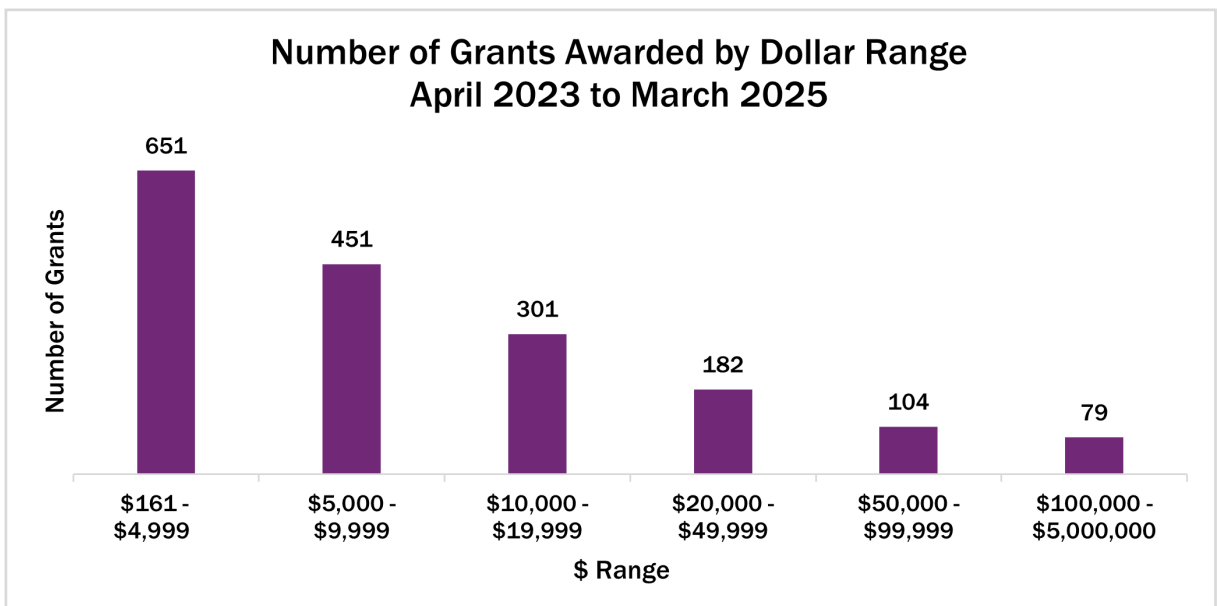
4.15 The Department is responsible for delivering arts and culture programs, conserving heritage assets, as well as administering grants and funding for museums, sport, tourism, arts, culture, and heritage.

4.16 The responsibility for the administration of grants is assigned to the following branches of the Department with spending by branch shown below:

	2021-2022	2022-2023	2023-2024	2024-2025
Arts & Culture	\$5,647,903	\$8,788,387	\$9,076,730	\$10,835,950
Sports & Recreation	\$5,729,907	\$5,797,582	\$6,090,021	\$7,005,163
Heritage & Museums	\$1,768,271	\$1,708,455	\$1,732,963	\$1,820,542
Tourism Development	\$546,600	\$812,937	\$1,272,576	\$1,165,206
Festivals & Events	\$0	\$703,171	\$984,000	\$763,447
<b>Total</b>	<b>\$13,692,681</b>	<b>\$17,810,532</b>	<b>\$19,156,290</b>	<b>\$21,590,308</b>

Source: Prepared by AGNB based on data from the Department (unaudited)

4.17 The amount of funding awarded per grant varies from \$161 to \$5,000,000. A breakdown of funding awards by dollar range is shown below:



Source: Prepared by AGNB based on data from the Department (unaudited)

# Eligibility Conditions Established and Aligned With Funding Objectives

- 4.18** Clearly defined eligibility criteria that are aligned with the funding objectives help ensure selected recipients meet the minimum requirements to accomplish the intended outcomes.
- 4.19** We examined all 32 grant programs and found that 100% had established eligibility criteria that aligned with the grant objectives.

# Grant Programs Not Clearly Communicated

## PUBLIC GRANT PROGRAM DETAILS DIFFICULT TO FIND

- 4.20 The Grant Policy requires that departments ensure the establishment of a list of application-based grants that is publicly available.
- 4.21 We examined the Department’s main webpage, as noted below, and found that it does not have information or links that would direct a potential applicant to information on available grants.

**Department of Tourism, Heritage and Culture**

Looking for the previous page for this organization? Visit [Tourism, Heritage and Culture](#)

### What we do

The Department of Tourism, Heritage and Culture is responsible for fostering economic growth, pride of place, and promotion of our province. We are also responsible for providing art and culture programs, heritage conservation, grants and funding for museums, sport, arts, culture and heritage and overseeing provincial parks. We work with departments and municipalities to encourage the conservation of our cultural and heritage resources and to develop and grow our tourism products in the province.

[Learn more about us](#)

**Hon. Isabelle Thériault**  
Minister of Tourism, Heritage and Culture

[Biography](#) →  
[Mandate letter](#) →

### Corporate information

<a href="#">News</a> →	<a href="#">Acts and regulations</a> →	<a href="#">Expenses</a> →
<a href="#">Media requests</a> →	<a href="#">Publications and reports</a> →	<a href="#">Contact us</a> →

### Projects and initiatives

- 2029 Canada Summer Games**  
The 2029 Canada Summer Games will be hosted in New Brunswick
- ExploreNB**  
Events, festivals, provincial attractions, scenic drives, heritage sites and more.
- Learn about New Brunswick**  
New Brunswick is the largest of Canada's three Maritime provinces.

**4.22** The Department does not publicize a comprehensive list of all available grants. Potential applicants would have to know the name of the grant they are looking for to find relevant information and then use a search engine to find the webpage. As part of our audit, we spent a significant amount of time conducting research using various search engines and found grant information for application-based programs across three different locations:

- GNB webpage:
  - o Tourism, Recreation and Outdoors – 7 programs
  - o Culture and Heritage – 19 programs
- Tourism Industry Information and Support website – 2 programs
- We were unable to locate webpages for four grant programs

**4.23** A lack of readily accessible information on what grants are available to various organizations has the potential to limit the breadth of applicants, as well as to increase efforts required on both the applicant and departmental staff to respond to inquiries.

## **INCOMPLETE PUBLISHED INFORMATION**

**4.24** Where grant information was available, we confirmed that the following details were provided:

- application instructions
- program description
- program objectives
- eligibility criteria

**4.25** There is additional information required by the Grant Policy, including:

- budget for the overall grant program
- amount of funding available per applicant
- anticipated outcomes for each grant
- review criteria (per Grant Policy guidelines)

4.26 Of the 28 programs that had webpages, we were able to locate the information required per policy for the following percentage of programs:

Budget (Grant Program)	Available Funding per Applicant	Anticipated Outcomes	Review Criteria
39%	82%	75%	32%

4.27 Review criteria are particularly important as they are the specific factors reviewers use to evaluate and score grant applications. They show applicants what matters most in the selection process, such as project impact, feasibility, budget, organizational capacity, and alignment with the program’s goals.

### Recommendation

4.28 We recommend that the Department of Tourism, Heritage and Culture provide a publicized comprehensive grant list that is easily accessible to potential applicants. Published information should include all requirements noted in the Grant Policy and accompanying guidelines.

# Selection and Awarding Processes Require Improvement

## LACK OF CONSISTENT FORMALIZED EVALUATION PROCESSES

4.29 Most grant processes at the Department follow the process as outlined below:



4.30 To support fairness, transparency, and consistent decision-making, the Department should have a clear process for reviewing applications and awarding grants, including:

- evaluation criteria
- defined mechanism for ranking applicants

4.31 Our audit found that:

- 20/32 (62.5%) grant programs had evaluation criteria
- 12/32 (37.5%) had clearly defined mechanisms for ranking applicants
  - o For example, the Community Museum Assistance Program has a clearly defined description assigned to each point value and applies weighting within its evaluation document. The following example shows the scoring guidance for having sufficient strategic planning:

Criteria: Strategic Planning Weight Factor: 1			
Score: /3			
3	2	1	0
The organization has completed or reviewed a long-term strategic plan this year. The board and staff show a commitment to achieving the goals outlined in the strategic plan and make updates when necessary.	The organization's long-term strategic plan is current, but has not been reviewed or updated within the last year to check that they are on track to meet their goals and objectives.	The organization's long-term strategic plan is out of date or is not developed enough to provide clear goals and outcomes.	Not provided or N/A

Source: Prepared by AGNB based on information from the Department

- o However, the Arts and Culture Strategic Initiative Fund evaluation document did not have guidance on how to apply the score. The following example shows scoring guidance for the organization and initiative criteria:

Criteria	Max points
Organization & Initiative	10

*Source: Prepared by AGNB based on information from the Department*

**4.32** We reviewed a sample of 86 grant applications, both approved and rejected, and found:

- 20 applications (23%) did not have evidence of a formal evaluation
  - o Of these, 18 projects were approved for funding totaling \$4,177,907

**4.33** Most of the funding paid without an evaluation related to the Film & TV Production Incentive program, which awarded \$3,275,649 in 2024-2025 for eight grants that supported the production of films in New Brunswick. There was no documented evaluation to show how the applications were assessed.

**4.34** Even when grants had evaluations it was not always clear how these supported decisions. In one example, a grant of \$1,091,583 was awarded in June 2023, the evaluation form had criteria listed as “project description”, “general remarks” and “budget”. It was not clear how the Department could use these categories to assess applications consistently.

### Recommendation

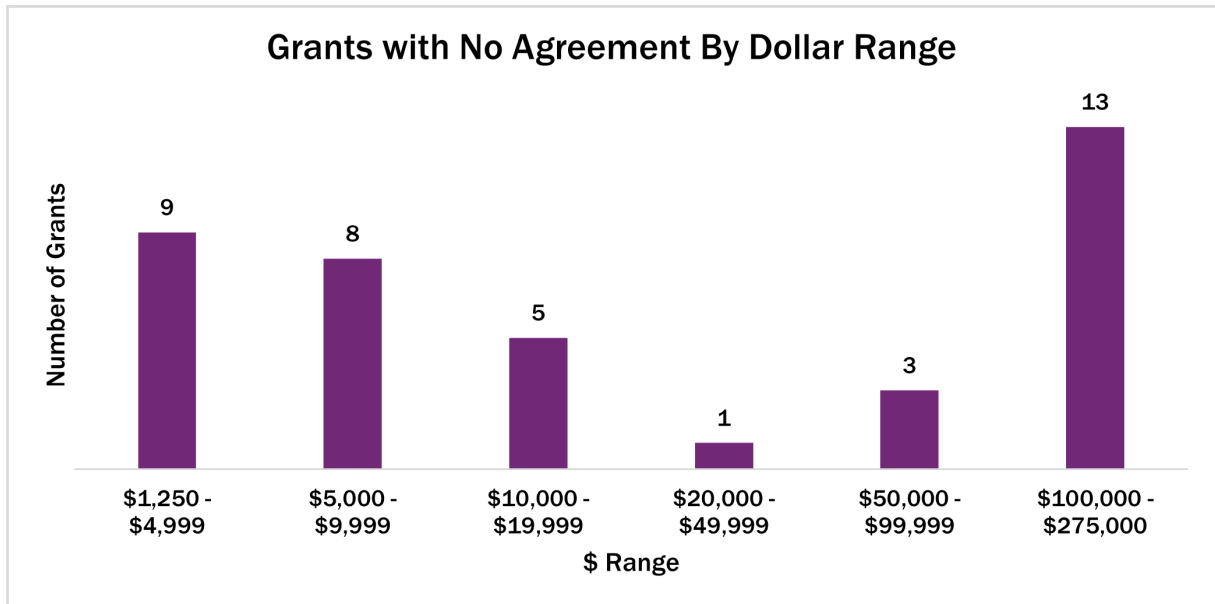
**4.35** We recommend that the Department of Tourism, Heritage and Culture use consistent evaluations with clearly defined evaluation criteria and scoring rubrics to assess applicants.

## SEVERAL GRANTS NOT SUPPORTED BY SIGNED CONTRACTS OR AGREEMENTS

**4.36** Formal agreements between the grantor and recipient are important as they document the funding amount, timelines, reporting requirements, expected outcomes, and other key terms necessary to support the proper administration and accountability of grant funding.

**4.37** A funding letter, signed by the Minister, simply communicates the award and requirements to the grant recipient, while an agreement requires signatures from both parties. The Department has not established criteria pertaining to when to use a funding letter or agreement.

**4.38** We reviewed 73 approved grant projects, valued at a total of \$17.1 million, and found that 39 (53%) had no agreement. These ranged in value from \$1,250 to \$275,000 per grant as follows:



Source: Prepared by AGNB based on data from the Department

**4.39** An additional project had an agreement but it was not signed by the recipient and was valued at \$160,000.

### Recommendation

**4.40** We recommend that the Department of Tourism, Heritage and Culture ensure grant recipients formally agree to the terms and expectations associated with grant funding.

## RECIPIENTS PAID MORE THAN ALLOWED UNDER ESTABLISHED FUNDING FORMULA

**4.41** The Film & TV Production Incentive program has a goal to “support the maintenance and creation of jobs, the attraction of external investment, the contribution to the GDP and tax revenue”.

**4.42** To achieve this goal, the program offers grant amounts up to 30% of costs that were incurred in New Brunswick (NB spend) or up to 40% of salaries paid to New Brunswick residents.

**4.43** One grant recipient:

- was approved for a grant up to \$5,000,000 based on projected NB spend
- reported NB spend of \$9,334,651
- was eligible for a grant of \$2,800,395 (based on reported NB spend)
- was approved by the Department initially for \*\$3,604,422
- was paid \$5,000,000 by the Department

\* documentation approving funding for \$3,604,422 was noted as “due to shortages of qualified or experienced labor in NB.”

**4.44** We also identified five additional instances of grant overpayments, totaling \$407,552.

**Recommendation**

**4.45** We recommend that the Department of Tourism, Heritage and Culture ensure grant payments align with established and advertised funding limits.

# Lack of Monitoring

## NO DOCUMENTED REQUIREMENTS FOR MONITORING COMPLIANCE

**4.46** As part of the funding requirements, upon completion of the project funded by the grant, recipients must provide a final report on outcomes and expenditures. The Department provides grant recipients with guidance and/or templates outlining the required content of the final report. This report is the primary mechanism in the Department to understand the use of grant funding, achievement of grant objectives and compliance with grant requirements.

**4.47** The Department informed us that their practice involves program officers reviewing final reports to:

- verify that approved activities were complete
- confirm that expenditures were eligible

**4.48** However, there are no documented requirements for monitoring and there are no formal guidelines describing how program officers are expected to carry out these activities. While the Department informed us they review final reports, of the 73 files we examined, 58 (79%) contained no evidence of a program officer reviewing the final reports.

### Recommendation

**4.49** We recommend that the Department of Tourism, Heritage and Culture establish formal guidelines for program officers outlining monitoring requirements and activities.

## SOME COMPLETED PROJECTS MISSING FINAL REPORTS

**4.50** The Department informed us that the submission of final reports that are due is required before the applicant can be awarded future grants. However, we tested a sample of 73 grants and found:

- 11/73 (15%) grants did not have a documented final report. Despite this, in four instances the organizations were given subsequent funding. This totaled \$4,491,341 among the organizations.
- 17/62 (27%) final reports did not have sufficient details to demonstrate that grant outcomes were met. Despite this, in seven instances the organizations were given subsequent funding. This totaled \$4,230,044.

**4.51** The Department's programs have three different forms of payment structure:

- 25 programs pay the grant upfront
- 3 are paid with a holdback feature
- 4 are paid by reimbursement

**4.52** The payment structure is set on a program basis and there are no criteria that trigger the holdback or reimbursement requirement.

**4.53** Six of the 11 projects that did not have a final report were from programs where payment is upfront.

**4.54** The remaining five projects had a percentage of funds held back pending receipt of the final report. Although the final reports were not received, the holdbacks were paid out totaling \$67,097 for the five projects.

### **Recommendation**

**4.55** We recommend that the Department of Tourism, Heritage and Culture establish processes and mechanisms to ensure final reports are obtained.

## **FUNDING PAID WITHOUT SUFFICIENT EVIDENCE TO SUPPORT CALCULATIONS**

**4.56** Grants awarded by the Department list conditions and requirements that must be met or that drive the amount of funding awarded, for example:

- 30% of New Brunswick spend
- 50% of eligible costs
- an amount based on the number of attendees

**4.57** Only 13/32 (41%) grant programs require the submission of actual receipts or audited statements. The remaining programs accept self-reported amounts as support.

**4.58** Of a sample of 13 Film & TV Production Incentive grants, five did not have clearly identified New Brunswick spend in their final report documentation but were paid funding totaling \$931,647.

### **Recommendation**

**4.59** We recommend that the Department of Tourism, Heritage and Culture ensure all information necessary to fully evaluate the results of a project in relation to the program objectives, are present in an organization's final report.

## **\$8.3 MILLION SPENT BASED ON SELF-REPORTED EXPENDITURES**

- 4.60** All grant programs offered by the Department have expectations for what funds will be used for. Receipts or audited statements provide evidence to accurately calculate the grant funding amount as well as demonstrate that funding was used as intended.
- 4.61** We examined 73 grants and found that 47 (64%) files totaling \$8.3 million in spend was paid solely based on self-reported expenditures.
- 4.62** We inquired with the Department on whether there were standard expectations as to which grant thresholds or risk factors would require increased validation of support for payment and were informed that these were not in place.

### **Recommendation**

- 4.63** We recommend that the Department of Tourism, Heritage and Culture ensure sufficient support is obtained and retained to support grant amounts paid.

## **GRANT PROGRAM AGREEMENTS LACKING RIGHT TO AUDIT**

- 4.64** Only 8/32 (25%) programs include the right to audit in their agreements and these rights were only exercised once during the audit period based on a concern reported by the public.
- 4.65** Effective monitoring would include a risk-based approach that considers factors where greater attention is required such as high spend or reported anomalies.

### **Recommendation**

- 4.66** We recommend that the Department of Tourism, Heritage and Culture include the right to audit in all agreements.

## **INADEQUATE MONITORING BEFORE PROJECT COMPLETION**

- 4.67** The Grant Policy requires departments to “monitor funding agreements to proactively identify problems or issues and mitigate risks”.
- 4.68** An interim report is one tool the Department could use to monitor project progress. It provides an update on whether recipients are on track to meet their targets and can highlight early signs of challenges. When issues are identified, it also gives the Department an opportunity to offer guidance or support based on its experience with similar projects.
- 4.69** During the audit period we found that only 10/73 (14%) projects had evidence of interim reports between the time funding was issued until the final report was submitted.

## Recommendation

**4.70** We recommend that the Department of Tourism, Heritage and Culture develop a formal policy for conducting interim reviews to provide earlier insight into project progress and support timely improvements where needed.

## UNRECOVERED DUPLICATE PAYMENT

**4.71** During our work we discovered that one grant recipient had been paid \$30,000 twice in May 2023 for the same operating grant funding and the overpayment was not recovered by the Department.

**4.72** Two ways that the Department uses to identify overpayments are:

- Corporate Services does a year-end review of payments for Public Accounts over \$25,000
- Grant recipient identifies and self-reports the overpayment

**4.73** We were told both methods did identify the duplication but that continued inaction to this point has resulted in non-recovery as of February 2026. An additional \$93,500 in duplicate payments had been detected and recovered by the Department during the audit period.

## Recommendation

**4.74** We recommend that the Department of Tourism, Heritage and Culture develop a process to prevent duplicate payments before they are issued and ensure timely collection when duplicate payments are made.

# Grant Programs Lacking Adequate Performance Reports

**4.75** In fiscal 2024-2025, the Department created a grant impact report for senior management, reporting on 29/32 of its grant programs. The report contained the following information by grant program:

- grant funding distributed (\$)
- applications/projects funded (#)
- total annual budget distributed (%)
- grant funding committed (\$)
- communities supported (#)
- people engaged (#)

**4.76** Also included were outcomes, measures and results by grant program. For example, the Fine Craft Program was noted as follows:

- Outcome: artists have what they need to increase their marketing capability
- Measure: number of NB artists supported by the funded organization
- Result: 7

**4.77** While measures have been established such as number of attendees, dollar amounts paid to artists, number of films produced, and a percentage increase in engagement, the Department has not set baseline levels or targets to indicate what level of achievement is expected for the funding provided.

**4.78** Of the 29 programs contained in the grant impact report: 11 (38%) did not report on all measures for the program, seven of which did not report on any measures.

**4.79** By not reporting on all established performance measures, the Department is unable to demonstrate whether funded projects have achieved their intended outcomes or delivered value on the grant awarded.

**4.80** We asked the Department whether this report had been completed for 2025-2026 and were informed that it had not.

### **Recommendation**

**4.81** We recommend that the Department of Tourism, Heritage and Culture monitor the success of grant programs against established baseline or expected levels on a periodic basis.

# Appendix I:

## RECOMMENDATIONS AND RESPONSES

Par. #	Recommendation	Entity's Response	Target Implementation Date
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We recommend that the Department of Tourism, Heritage and Culture:

4.28	<p>provide a publicized comprehensive grant list that is easily accessible to potential applicants. Published information should include all requirements noted in the Grant Policy and accompanying guidelines.</p>	<p><b>Agree</b></p> <p>As part of a recent web modernization project led by Web Services within ECO Corporate Communications, the grants and financial supports pages were revamped to align with web best practices and operational requirements.</p> <p>Information on all grants are available to the public through our websites or the application program, SmartSimple.</p> <p>The department will review platforms to ensure information, including appropriate contacts for additional resources, on all active programs is available through the most appropriate channels.</p> <p>The four grants without a web presence are grants that are open only to specific organizations (e.g., Snowmobile/Motoneige NB). They are not featured online at this time as applications for funding must be made by or through a designated organization. It is those organizations' responsibility to ensure grant opportunities are communicated through their membership.</p> <p>Program areas work closely with stakeholders and organizations to ensure information about grants is communicated through appropriate channels (e.g., newsletters, emails, regional service commissions or partner organizations). In addition, information is available across government platforms that align with relevant target audiences.</p>	Ongoing
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Par. #	Recommendation	Entity's Response	Target Implementation Date
4.35	use consistent evaluations with clearly defined evaluation criteria and scoring rubrics to assess applicants.	<p><b>Agree</b></p> <p>The department was previously aware of gaps in record-keeping and has proactively taken steps to address them. This includes updating processes and tools to ensure that records are stored on shared drives accessible in the event of staff turnover.</p> <p>The department was already developing more rigorous evaluation scoring materials to support training and consistency where none were previously in place. Work will continue to ensure all programs consistently apply clearly defined evaluation criteria and practices.</p>	Ongoing
4.40	ensure grant recipients formally agree to the terms and expectations associated with grant funding.	<p><b>Agree</b></p> <p>Applicants are required to formally agree to the terms and expectations associated with grant funding as part of the application process. The department will review applications to ensure this requirement is included in every program.</p> <p>Previously, applicants were required to sign grant letters and return them prior to the release of funds. Except for a small number of programs, this process resulted in an administrative burden for staff and applicants. As a result, the current process – ensuring agreement to terms and expectations during the application stage - was implemented.</p>	Complete

Par. #	Recommendation	Entity's Response	Target Implementation Date
4.45	ensure grant payments align with established and advertised funding limits.	<p><b>Agree</b></p> <p>New program guidelines and applications for the Film Production Program were already in development prior to this audit. The department is committed to ensuring grant payments align with established and advertised program funding limits.</p> <p>The Department of Tourism, Heritage and Culture is an economic driver that plays a role in supporting industries that generate employment and broader economic benefits. This means that, in limited circumstances, opportunities may arise that do not align precisely with existing program criteria but may deliver significant indirect benefits to the province.</p> <p>The department will continue to work within broader government decision-making frameworks, including established Cabinet processes, to ensure any special cases are appropriately evaluated and approved.</p>	By 2027-2028
4.49	establish formal guidelines for program officers outlining monitoring requirements and activities.	<p><b>Agree</b></p> <p>The department will ensure formal guidelines outlining final report review for program officers are in place where they do not already exist.</p> <p>The department will also explore the feasibility of a tracking system to support consistent record-keeping following the review of reports.</p>	By 2027-2028
4.55	establish processes and mechanisms to ensure final reports are obtained.	<p><b>Agree</b></p> <p>The department has processes in place to ensure no new funds are issued to applicants until all required final reports are received. For example, organizations or individuals are not eligible for additional funding opportunities until all final reports are submitted and documentation is complete.</p> <p>These processes will continue to be reviewed and enforced by program officers.</p>	Complete

Par. #	Recommendation	Entity's Response	Target Implementation Date
4.59	ensure all information necessary to fully evaluate the results of a project in relation to the program objectives, are present in an organization's final report.	<p><b>Agree</b></p> <p>The department has been proactively making improvements to the grant process. These improvements include clearly assigning responsibility to applicants to provide all information necessary to fully evaluate project results against program objectives.</p> <p>Program officers continue to work with applicants to ensure they understand reporting requirements and are supported throughout the process. The department will continue to reinforce these requirements to support final reporting and evaluation.</p>	Ongoing
4.63	ensure sufficient support is obtained and retained to support grant amounts paid.	<p><b>Agree</b></p> <p>While the department does not apply a single standardized threshold or risk framework requiring enhanced validation of supporting documentation, program areas, on a case-by case basis, work with applicants to ensure appropriate financial documents are provided to support self-reported information.</p> <p>These documents are reviewed in accordance with program specific financial risk considerations. Branches will continue to work with program officers to ensure appropriate supporting information is obtained and retained.</p>	Ongoing
4.66	include the right to audit in all agreements.	<p><b>Agree</b></p> <p>The applications process includes a declaration ensuring applicants are aware of, and consent to, the department's right to audit. This aligns with applicants' responsibilities to submit final reports, with continued eligibility contingent on agreement to these terms and conditions.</p> <p>Where not already in place, processes will be established and enforced to ensure enhanced review of grants exceeding specified financial thresholds.</p>	By 2028-2029

Par. #	Recommendation	Entity's Response	Target Implementation Date
4.70	develop a formal policy for conducting interim reviews to provide earlier insight into project progress and support timely improvements where needed.	<b>Agree</b> For projects and grants exceeding defined financial thresholds or durations, the department will establish formal processes – where they do not already exist – to ensure interim reviews are conducted to monitor progress and support timely course corrections.	By 2028-2029
4.74	develop a process to prevent duplicate payments before they are issued and ensure timely collection when duplicate payments are made.	<b>Agree</b> The department will ensure program area staff have access to, and receive training on, reporting tools required to validate payments.  Where not already in place, processes will be developed to ensure program areas regularly conduct payment validation reviews.	By 2028-2029
4.81	monitor the success of grant programs against established baseline or expected levels on a periodic basis.	<b>Agree</b> The department will continue to produce regular internal reports through SmartSimple to provide executives with updates on the impact of grant programs relative to their objectives and performance measures. Final quarterly reports have included relevant measures to support the establishment of baselines.  Due to staffing changes, the report was unavailable for the 2025-26 fiscal year. In addition, this report was originally developed at the request of the Finance and Treasury Board, which has not requested further submissions since that time.  While the department intends to continue producing internal reports, previous iterations were labour-intensive and required significant staffing resources. During this audit period, the department was already exploring more efficient methods for producing comparable performance information.	By 2027-2028

# Appendix II:

## Audit Objective and Criteria

The objective and criteria for our audit of the Department of Tourism, Heritage and Culture are presented below. The Department of Tourism, Heritage and Culture and its senior management reviewed and agreed with the objective and associated criteria.

<b>Objective</b>	<b>To determine if the Department of Tourism, Heritage and Culture has adequate grant processes that ensure responsible investment and achievement of outcomes.</b>
Criterion 1	The Department ensures that grant eligibility criteria and conditions are established to align with achievement of the funding objectives.
Criterion 2	The Department has grant programs that are clearly communicated to potential applicants.
Criterion 3	The Department has selection and awarding processes that ensure funding aligns with criteria and conditions, achievement of grant objectives and promote value for money.
Criterion 4	The Department has mechanisms in place to ensure grant funding is used as intended.
Criterion 5	The Department has grant program outcomes that are established, tracked and linked to departmental objectives.

# Appendix III:

## Independent Assurance Report

This independent assurance report was prepared by the Office of the Auditor General of New Brunswick (AGNB) on the Department of Tourism, Heritage and Culture and its grant processes and outcomes. Our responsibility was to provide objective information, advice and assurance to assist the Legislative Assembly in its scrutiny of the Department of Tourism, Heritage and Culture with respect to its grant processes and outcomes.

All work in this audit was performed to a reasonable level of assurance in accordance with the Canadian Standard on Assurance Engagements (CSAE) 3001 – Direct Engagements set out by the Chartered Professional Accountants of Canada (CPA Canada) in the CPA Canada Handbook – Assurance.

AGNB applies the Canadian Standard on Quality Management 1 – Quality Management for Firms That Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements. This standard requires our office to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

In conducting the audit work, we have complied with the independence and other ethical requirements of the Rules of Professional Conduct of Chartered Professional Accountants of New Brunswick and the Code of Professional Conduct of the Office of the Auditor General of New Brunswick. Both the Rules of Professional Conduct and the Code are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

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

- confirmation of management's responsibility for the subject under audit
- 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
- confirmation that the findings in this report are factually based

### PERIOD COVERED BY THE AUDIT

The audit covered the period between April 1, 2023, to March 31, 2025. This is the period to which the audit conclusion applies. However, to gain a more complete understanding of the subject matter of the audit, we also examined certain matters outside of this period as deemed necessary.

### DATE OF THE REPORT

We obtained sufficient and appropriate audit evidence on which to base our conclusion on May 11, 2026, in Fredericton, New Brunswick.