

2.9 Monitoring Expenditures of the Consolidated Revenue Fund

Introduction

As part of our audit of the financial statements of the Consolidated Revenue Fund (CRF), we perform tests and reviews of the expenditures made by the various departments. Figure 1 outlines expenditures, by category, recorded in the Consolidated Revenue Fund financial statements for the years ended 31 March.

Figure 1

**Consolidated Revenue Fund Expenditures
By Category
Years Ended 31 March
(\$ Millions)**

Consolidated Revenue Fund Expenditures						
Category	2000	2001	2002	2003	2004	2005
Salaries and Employee Benefits	317	337	361	378	371	356
Retirement Costs	(5)	(13)	3	96	104	120
Transportation and Communications (See Figures 13, 14)	37	36	37	38	38	31
Supplies	50	57	54	58	57	56
Professional Services (See Figures 9, 10)	55	194	198	204	248	258
Purchased Services (See Figures 7, 8)	239	240	250	218	135	135
Property, Furnishings and Equipment (See Figures 5, 6)	39	44	49	15	32	9
Allowances and Assistance (See Figures 11, 12)	316	334	343	352	370	346
Grants and Subsidies (See Figures 2, 3, 4)	1,863	1,829	1,985	2,128	2,230	2,479
Debt Expenses	808	878	874	905	1,012	881
Information Technology	25	26	26	26	21	19
Bad Debts	30	28	11	8	26	2
Amortization (tangible capital assets)	-	-	-	-	89	83
Total	3,774	3,990	4,191	4,426	4,733	4,775

Source: Consolidated Revenue Fund financial statements

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During the past year, we obtained expenditure information from Government's accounting system relating to all expenditures of the Consolidated Revenue Fund. We performed a general review and analysis of amounts paid relating to: grants and subsidies; property, furnishings and equipment; purchased services; professional services; allowances and assistance; and transportation and communications. Details of the expenditures in each of these categories are provided as follows:

Grants and Subsidies

Government has established programs which provide grants or subsidies to various Crown agencies, private corporations and individuals. These payments are made to health boards, to school boards, to the College of the North Atlantic and Memorial University of Newfoundland, and to certain Crown agencies for operational funding. Other grants and subsidies are paid to private corporations and individuals in accordance with Government support programs.

During the year we continued our process of monitoring and reviewing payments made for grants and subsidies. Figure 2 shows, by department, payments made for grants and subsidies for the year ended 31 March 2005 totalling \$2.48 billion with comparative figures for the year ended 31 March 2004.

As the Figure indicates for the year ended 31 March 2005, grants and subsidies amounted to approximately \$2.48 billion or approximately 51.9% of the total expenditures of the Consolidated Revenue Fund. For the year ended 31 March 2004, payments for grants and subsidies were approximately \$2.23 billion and represented approximately 47.1% of the total expenditures of the Consolidated Revenue Fund.

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Figure 2

**Grants and Subsidies Expenditures
By Department
Years Ended 31 March
(\$000's)**

Grants and Subsidies Expenditures by Department		
Department	2004	2005
Health and Community Services	1,287,707	1,325,507
Education	805,443	897,937
Municipal Affairs	52,857	127,452
Tourism, Culture and Recreation	11,146	56,825
Human Resources, Labour and Employment	12,756	17,263
Natural Resources	9,658	11,115
Newfoundland and Labrador Housing Corporation	10,674	10,671
Innovation, Trade and Rural Development	18,622	8,302
Justice	7,656	8,085
Transportation and Works	4,425	5,255
Labrador and Aboriginal Affairs	4,823	4,872
Finance	403	2,153
Executive Council	1,554	1,547
Fisheries and Aquaculture	1,277	898
Legislature	353	543
Environment and Conservation	237	360
Government Services	62	65
Total	2,229,653	2,478,850

Source: Government's Financial Information System

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We also summarized the payments of grants and subsidies by the type of entity for the year ended 31 March 2005 with comparative figures for the year ended 31 March 2004. The results of this summary are outlined in Figure 3.

Figure 3

**Grants and Subsidies Expenditures
By Type of Entity
Years Ended 31 March
(\$000's)**

Types of Entities Receiving Grants and Subsidies		
Type of Entity	2004	2005
Health Care Institutions and Integrated Boards	1,007,783	1,039,216
School Boards - Teachers' Payroll	409,427	402,301
Health and Community Services Boards and Related Entities	247,428	253,839
Memorial University of Newfoundland	183,201	190,738
School Boards and Related Entities - Other Payments	139,880	139,012
Municipalities	52,857	127,452
Newfoundland and Labrador Education Investment Corporation	11,618	93,002
College of the North Atlantic	64,113	63,089
Culture and Heritage	7,324	53,740
Educational Agencies and Post Secondary Education Support	16,350	30,569
Economic Renewal, Labour Market and Industry Support	30,446	21,444
Transportation grants	13,960	15,298
Newfoundland and Labrador Housing Corporation	11,132	10,673
Provincial Information and Library Resources Board	8,183	8,299
Other Miscellaneous Grants	6,950	7,918
Newfoundland and Labrador Legal Aid Commission	7,314	7,737

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Figure 3 (cont'd)

Types of Entities Receiving Grants and Subsidies		
Type of Entity	2004	2005
Agriculture Development	2,970	5,837
Canada-Newfoundland and Labrador Offshore Petroleum Board	3,320	3,599
Labrador Agreement and Native Peoples Support	2,970	2,966
Recreation and Sport	1,877	1,941
Newfoundland and Labrador Film Development Corporation	550	180
Total	2,229,653	2,478,850

Source: Government's Financial Information System

Figure 4 provides the names of all entities which received grants and subsidies funding in excess of \$10 million for the year ended 31 March 2005 with comparative figures for the year ended 31 March 2004.

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Figure 4

**Grants and Subsidies Expenditures
Payments in Excess of \$10 million
Years Ended 31 March
(\$000's)**

Entities Which Received in Excess of \$10 Million		
Entity	2004	2005
Health Care Corporation of St. John's	410,599	417,991
Memorial University of Newfoundland	183,201	190,738
Western Health Care Corporation	140,549	143,045
Newfoundland and Labrador Educational Investment Corporation	11,618	93,002
Central West Health Care Corporation	80,878	82,508
Community Health - St. John's	79,290	81,124
Central East Health Care Corporation	66,882	68,371
Peninsulas Health Care Corporation	64,133	64,596
College of the North Atlantic	64,113	63,089
St. John's Nursing Home Board	61,551	60,929
Avalon Health Care Corporation	55,879	56,365
Heritage Corporation of Newfoundland	-	48,125
Labrador Health Services Board	46,469	48,124
Eastern Regional Community Health Board	47,632	47,168
Central Newfoundland Regional Community Health Board	43,006	44,489
Grenfell Regional Health Care Corporation	42,187	44,059
Western Newfoundland Regional Community Health Board	39,222	39,967
Eastern School Board	-	34,701
Canadian Blood Services	18,885	19,455
Newfoundland and Labrador Cancer Treatment and Research Foundation	16,633	16,923
Nova Central School Board	-	15,238
Western School Board	-	14,784

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Figure 4 (cont'd)

Entities Which Received in Excess of \$10 Million		
Entity	2004	2005
District #10 School Board	31,362	13,452
Student Loan Corporation	-	12,078
Newfoundland and Labrador Housing Corporation	11,132	10,673
District #1 School Board	10,971	8,466
District #6 School Board	13,184	5,791
District #9 School Board	13,146	5,622
District #5 School Board	11,970	5,397
District #3 School Board	10,694	4,362
Grants \$10 million and less paid to over 4,800 entities in 2005 (2004 - over 5,200 entities)	654,467	718,218
Total	2,229,653	2,478,850

Source: Government's Financial Information System

Property, Furnishings and Equipment

The Property, Furnishings, and Equipment category generally includes capital items such as equipment purchased for use by Government departments. This category also includes grants made by the Department of Health and Community Services to the various hospital and health and community services boards for the purchase of equipment. During the year ended 31 March 2005, the Province paid \$5.3 million (2004 - \$26.2 million) to the hospital and health and community services boards for equipment which is included in the property, furnishings and equipment category. As indicated in Figure 1, payments for property, furnishings and equipment totalled \$9 million for the year ended 31 March 2005. Figure 5 shows, by department, payments made for property, furnishings and equipment for the year ended 31 March 2005 with comparative figures for the year ended 31 March 2004.

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Figure 5

**Property, Furnishings and Equipment Expenditures
By Department
Years Ended 31 March
(\$000's)**

Property, Furnishings and Equipment Expenditures by Department		
Department	2004	2005
Transportation and Works	5,241	5,984
Health and Community Services	26,166	5,290
Natural Resources	817	2,104
Justice	804	1,711
Education	1,322	1,212
Environment and Conservation	112	331
Municipal Affairs	231	230
Fisheries and Aquaculture	145	202
Government Services	237	120
Finance	78	83
Innovation, Trade and Rural Development	52	54
Executive Council	28	53
Tourism, Culture and Recreation	643	52
Human Resources, Labour and Employment	183	39
Legislature	69	35
Labrador and Aboriginal Affairs	2	4
Public Service Commission	6	2
Accrual adjustment for acquisition of tangible capital assets	(4,146)	(8,614)
Total	31,990	8,892

Source: Government's Financial Information System

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We also summarized the payments for property, furnishings and equipment to show all entities which received payments in excess of \$1 million for the year ended 31 March 2005 with comparative figures for the year ended 31 March 2004. These entities are listed in Figure 6.

Figure 6

**Property, Furnishings and Equipment Expenditures
Payments in Excess of \$1 million
Years Ended 31 March
(\$000's)**

Entities Which Received in Excess of \$1 Million		
Entity	2004	2005
Western Star Trucks Nfld. Ltd.	2,531	2,714
Avalon Ford Sales Ltd.	623	1,178
Terra Nova Motors Ltd. (St. John's)	-	1,053
Health Care Corporation of St. John's	8,074	705
Western Health Care Corporation	6,836	606
Central East Health Care Corporation	2,876	543
Central West Health Care Corporation	1,240	500
Peninsulas Health Care Corporation	1,009	477
Avalon Health Care Institutions Board	1,679	399
Labrador Health Services Board	1,290	37
Payments \$1 million and less to over 450 entities in 2005 (2004 - over 450 entities)	5,832	680
Total	31,990	8,892

Source: Government's Financial Information System

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Purchased Services

Purchased services includes such services as heat and light, general maintenance, printing, vehicle rentals and repairs, advertising, and insurance. As indicated in Figure 1, payments for purchased services totalled \$135 million for the year ended 31 March 2005. Figure 7 shows, by department, payments made for purchased services for the year ended 31 March 2005 with comparative figures for the year ended 31 March 2004.

Figure 7

Purchased Services Expenditures By Department Years Ended 31 March (\$000's)

Purchased Services Expenditures by Department		
Department	2004	2005
Transportation and Works	108,235	95,997
Natural Resources	14,890	12,507
Justice	8,448	10,696
Education	9,365	8,183
Tourism, Culture and Recreation	7,956	7,699
Municipal Affairs	3,073	3,937
Environment and Conservation	522	3,031
Government Services	2,656	2,847
Health and Community Services	14,758	2,304
Human Resources, Labour and Employment	2,908	2,205
Innovation, Trade and Rural Development	4,358	2,031
Executive Council	1,411	1,581
Legislature	1,670	1,142
Fisheries and Aquaculture	889	1,098
Finance	156	384
Public Service Commission	165	159
Labrador and Aboriginal Affairs	134	114
Consolidated Fund Services	18	5
Business	-	2
Accrual adjustment for acquisition of tangible capital assets	(46,713)	(20,501)
Total	134,899	135,421

Source: Government's Financial Information System

2.9 Monitoring Expenditures of the Consolidated Revenue Fund

We also summarized the payments for purchased services to show all entities which received payments in excess of \$1 million for the year ended 31 March 2005 with comparative figures for the year ended 31 March 2004. These entities are listed in Figure 8.

Figure 8

**Purchased Services Expenditures
Payments in Excess of \$1 million
Years Ended 31 March
(\$000's)**

Entities Which Received in Excess of \$1 Million		
Entity	2004	2005
Labrador Marine Inc.	8,669	10,627
Newfoundland Power	6,097	6,587
Bristol Communications Ltd.	4,685	4,736
J-1 Contracting Limited	1,697	4,609
Johnson Construction Ltd.	9,491	4,557
College of the North Atlantic	2,796	2,828
Nortech Construction Company	2,628	2,574
Terra Nova Industries Ltd.	3,604	2,514
St. John's Dockyard Limited	2,722	2,370
Marsh Canada Ltd.	2,294	2,065
Municipal Construction Ltd.	4,477	1,949
Star Line Inc.	1,356	1,947
Colby Construction Ltd.	129	1,927
Northland Contracting Ltd.	434	1,921
H.J. O'Connell Construction Ltd.	183	1,770
RSM Mining Services Inc.	478	1,726
Brook Enterprises	1,509	1,666
Concord Paving Limited	2,548	1,654
Trident Construction Limited	1,908	1,618
Humber Valley Paving Limited	1,346	1,580
Newfoundland Construction Ltd.	405	1,546
Ultramar Canada Inc.	243	1,495
Budgell's Equipment Rental	787	1,485
Steers Insurance Limited	1,309	1,406
RDN Construction	1,494	1,361

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Figure 8 (cont'd)

Entities Which Received in Excess of \$1 Million		
Entity	2004	2005
10122 Newfoundland Ltd.	891	1,259
Newfoundland and Labrador Hydro	1,159	1,217
Atlantic Catering Ltd.	1,268	1,213
Corner Brook Pulp and Paper Ltd	963	1,158
Eastern Contracting Ltd.	-	1,102
Penney Paving	3,024	1,101
Central East Health Care Institutions Board	1,334	1,077
Irving Oil	1,107	1,056
Federal - Provincial Contractors - Holdback Account	1,538	946
Eastern Demolition and Recyclers	1,924	767
Citi Capital	1,058	705
Glenn Corp Ltd.	2,437	701
RJG Construction	1,359	699
Clarenville Drydock Inc.	2,803	394
EFCO Enterprises	1,538	280
Labrador Construction Ltd.	1,477	237
B&R Enterprises	1,144	162
Marco Services	7,913	47
Western Health Care Corporation	779	10
Weirs Construction	1,313	2
Allied Constructors Inc.	2,432	-
Pennecon Ltd.	1,303	-
Mariner Engineering	1,232	-
Payments \$1 million and less to over 4,600 entities (2004 - over 5,700 entities)	31,614	52,770
Total	134,899	135,421

Source: Government's Financial Information System

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Professional Services

Professional services generally include the fees and expenses of those engaged in a specialty profession such as accountants, doctors, lawyers, and engineers who provide a service, a report or advice to Government. As indicated in Figure 1, payments for professional services totalled \$258 million for the year ended 31 March 2005. Figure 9 shows, by department, payments made for professional services for the year ended 31 March 2005 with comparative figures for the year ended 31 March 2004.

Figure 9

Professional Services Expenditures By Department Years Ended 31 March (\$000's)

Professional Services Expenditures by Department		
Department	2004	2005
Health and Community Services	191,047	196,966
Justice	44,200	45,865
Consolidated Fund Services	2,883	4,060
Human Resources, Labour and Employment	640	1,979
Innovation, Trade and Rural Development	1,112	1,469
Natural Resources	1,654	1,396
Education	2,247	1,196
Environment and Conservation	750	991
Transportation and Works	1,825	899
Municipal Affairs	1,253	757
Executive Council	1,109	751
Finance	325	352
Legislature	170	328
Public Service Commission	152	231
Business	-	153
Government Services	298	138
Tourism, Culture and Recreation	308	101
Labrador and Aboriginal Affairs	103	73
Fisheries and Aquaculture	193	69
Accrual adjustment for acquisition of tangible capital assets	(2,178)	(141)
Total	248,091	257,633

Source: Government's Financial Information System

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We also summarized the payments of professional services to show all entities or individuals who received payments in excess of \$600,000 for the year ended 31 March 2005 with comparative figures for the year ended 31 March 2004. These entities or individuals are listed in Figure 10.

Figure 10

Professional Services Expenditures Payments in Excess of \$600,000 Years Ended 31 March (\$000)'s

Entities or Individuals Which Received in Excess of \$600,000		
Entity	2004	2005
Receiver General For Canada (e.g. RCMP Contract)	41,489	43,947
Medical Practice Associates	22,212	16,226
HSC Associated Radiologists	4,202	4,651
LeMarchant Medical	2,720	4,167
Nephrology Partnership	2,399	2,701
Burin Peninsula Health Care Center	872	1,870
Pediatric Diagnostic Imaging	1,511	1,705
Grenfell Regional Health Services Board	488	1,503
Labrador Health Services Board	501	1,348
Carbonear General Hospital	1,199	1,288
Health Care Corporation of St. John's	520	1,161
xwave Solutions	928	943
Dr. Kevin N. Melvin	968	855
Dr. Palinder Kamra	614	783
Dr. Thomas E. Poole Professional	662	768
Peninsula Health Care	629	729
Dr. Viki Sahajpal	411	704
Dr. Kenneth J. Burrage	661	675
Dr. Peter D. Hollett	589	660
Dr. Eng T. Tjan	746	645
Dr. Eric W. Stone	731	640
Dr. Michael Furey	720	635
Dr. Charles A. Boddie	571	625
Dr. Renee R Van Der Lingen	561	612
Dr. Thomas J. Smith Professional	558	606
Dr. Yogamathan Wijayanayagam	635	588
AE Consultants Ltd.	743	69
Amec E & C Services Ltd.	621	60
Radiology Group - St. Clare's	900	-
Payments \$600,000 and less to over 1,900 entities or individuals (2004 - over 1,700 entities or individuals)	157,730	166,469
Total	248,091	257,633

Source: Government's Financial Information System

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Allowances and Assistance

Allowances and assistance expenditures include costs relating to such items as: allowances for Members of the House of Assembly, social assistance allowances paid to individuals, out of court settlements, and allowances paid on behalf of individuals to organizations. As indicated in Figure 1, payments for allowances and assistance totalled \$346 million for the year ended 31 March 2005. Figure 11 shows, by department, payments made for allowances and assistance for the year ended 31 March 2005 with comparative figures for the year ended 31 March 2004.

Figure 11

**Allowances and Assistance Expenditures
By Department
Years Ended 31 March
(\$000's)**

Allowances and Assistance Expenditures by Department		
Department	2004	2005
Human Resources, Labour and Employment	221,231	221,010
Health and Community Services	112,343	116,777
Legislature	5,479	5,570
Justice	1,706	1,864
Finance	266	222
Municipal Affairs	346	200
Transportation and Works	77	197
Government Services	-	59
Natural Resources	14	20
Executive Council	12	20
Education	28,181	(234)
Total	369,655	345,705

Source: Government's Financial Information System

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We also summarized the payments of allowances and assistance to show all entities which received payments in excess of \$500,000 for the year ended 31 March 2005 with comparative figures for the year ended 31 March 2004. These entities are listed in Figure 12.

Figure 12

**Allowances and Assistance Expenditures
Payments in Excess of \$500,000
Years Ended 31 March
(\$000's)**

Payments in Excess of \$500,000		
Entity	2004	2005
xwave	93,222	106,053
Health Care Corporation of St. John's	2,523	2,814
Minister of Finance (Ontario)	1,816	1,781
Medical Services Insurance	1,015	1,308
Minister of Finance for Alberta	572	776
The Salvation Army - Wiseman Centre	689	775
Association for New Canadians	949	764
Bay St. George Community Employment Corporation	600	696
Fewer Ambulance Service	554	589
Freaks Ambulance Service	510	573
Moore's Funeral Home and Ambulance	480	538
Memorial University of Newfoundland	443	504
Miscellaneous amounts \$500,000 and less paid to over 2,900 entities or individuals (2004-over 2,700 entities or individuals)	266,282	228,534
Total	369,655	345,705

Source: Government's Financial Information System

Transportation and Communications

Transportation and communications expenditures include costs relating to such items as: postage, freight, ambulance and air services, telecommunication services and travel for ministers, government employees and others. As indicated in Figure 1, payments for transportation and communications totalled \$31 million for the year ended 31 March 2005. Figure 13 shows, by department, payments made for transportation and communications for the year ended 31 March 2005 with comparative figures for the year ended 31 March 2004.

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Figure 13

**Transportation and Communications
Expenditures By Department
Years Ended 31 March
(\$000's)**

Transportation and Communications Expenditures by Department		
Department	2004	2005
Natural Resources	7,587	5,787
Transportation and Works	9,292	5,735
Justice	3,291	3,256
Education	3,122	2,545
Environment and Conservation	460	2,265
Government Services	2,131	2,190
Human Resources, Labour and Employment	2,443	2,111
Executive Council	1,378	1,320
Tourism, Culture and Recreation	3,000	1,264
Health and Community Services	1,152	1,177
Innovation, Trade and Rural Development	1,062	935
Fisheries and Aquaculture	861	771
Municipal Affairs	699	593
Legislature	745	522
Finance	516	500
Labrador and Aboriginal Affairs	491	390
Public Service Commission	112	67
Business	-	4
Consolidated Fund Services	1	1
Accrual adjustment for acquisition of tangible capital assets	(821)	(538)
Total	37,522	30,895

Source: Government's Financial Information System

We also summarized the payments for transportation and communications to show all entities which received payments in excess of \$100,000 for the year ended 31 March 2005 with comparative figures for the year ended 31 March 2004. These entities are listed in Figure 14.

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Figure 14

**Transportation and Communications
Expenditures
Payments in Excess of \$100,000
Years Ended 31 March
(\$000's)**

Entities Which Received in Excess of \$100,000		
Entity	2004	2005
Universal Helicopters Nfld. Ltd	3,532	2,719
GT Group Telecom Services Corporation	3,213	2,496
Postage by Phone	2,235	2,264
Newfoundland Telephone Company (Contract)	1,665	1,532
Aliant Communications Inc.	1,053	970
Aliant Mobility Limited	755	925
Supermarine Aircraft	1,460	884
Canada Post Corporation	923	865
Labrador Marine	2,447	807
Sprint Canada Inc.	-	661
Canadian Helicopters Limited	1,372	558
Newfoundland Helicopters Ltd.	583	533
Provincial Airlines Limited	455	452
Newfoundland and Labrador Hydro	199	373
Newfoundland and Labrador Air Transport Ltd.	215	235
Harvey's Travel	389	212
City of St. John's	195	193
Legrow's Travel	119	158
Air Labrador	143	153
Globalstar Canada Satellite Company	92	110
Mokami Travel Service Limited	135	82
10663 Nfld Limited	187	-
Miscellaneous amounts \$100,000 and less paid to over 6,400 entities or individuals (2004- over 7,000 entities or individuals)	16,155	13,713
Total	37,522	30,895

Source: Government's Financial Information System