

2.19 Eastern Health and Community Services Board

The Eastern Health and Community Services Board (the Board) was established 1 January 1996 and operates under the authority of the *Health and Community Services Act*.

Financial Operations

Since the Board commenced operations in 1996 its financial position has deteriorated to the point where it had an accumulated deficit of \$8.0 million at 31 March 2003. The Board has had operating deficits each year ranging in amounts from \$15,650 in 2002-03 to \$3.4 million in 2000-01.

The Board's financial operations are monitored throughout the year through monthly variance reports of actual and budgeted expenditures; however, there are issues relating to the Board's budget as follows:

- The Board's budget is not normally approved by the Department of Health and Community Services until well into the fiscal year; therefore, the flexibility to take action to stay within the budget is reduced.
- Each year the Board submits a budget based on the expected costs and normally results in a deficit since Provincial funding is insufficient to cover projected costs. The Board, however, operates with the premise that additional funding or program direction will be provided by the Province. Although in most cases this funding is eventually provided, usually in March, this results in a budget system where deficits will occur if additional funding is not provided and steps are not taken to reduce costs to the available funding level.

Home Support Programs

A major contributor to the Board's deficit has been the increase in direct client costs for the home support for seniors program and the home support for adult developmentally delayed and physically disabled programs. Costs for these programs were \$15.6 million or 34.4% of total Board expenses in 2002-03.

The Board's ability to manage home support program costs is made more difficult as a result of the limitations of its management information systems to provide all of the financial information necessary to monitor and control program costs.

The \$13.9 million of direct home support costs in 2002-03 represents an increase of 56% over direct home support costs of \$8.9 million in 1998-99. Our review of these programs identified the following:

- Home support program expenditures are not adequately monitored and controlled. Expenditures are made using four different payment systems and monitored through a manual system that is difficult to maintain, does not include all costs, is susceptible to errors and does not provide the total annual costs on a client basis.
- The required annual client assessments relating to the type of care and level of support for clients of the programs were not always reviewed. As a result, there are instances where the level of service was reduced without explanation.
- The required financial assessments to determine the clients' contribution were not always accurate or prepared on a timely basis. As a result, the Board cannot be certain that all clients are making the proper financial contribution towards the service being provided.
- The largest expenditure under these programs was the salaries of home support workers; however, there was not always adequate support such as time sheets to ensure the client was receiving the level of care being assessed and paid for. As a result, there are instances where payments are being made by the Board without adequate support to

demonstrate that the client actually received the services or goods being billed and also whether the client was entitled to receive the services or goods.

2.20 Western Regional Health and Community Services Board

The Western Regional Health and Community Services Board (the Board) was established 1 January 1996 and operates under the authority of the *Health and Community Services Act*.

Financial Operations

Since the Board commenced operations in 1996 its financial position has deteriorated to the point where it had an accumulated deficit of \$4.0 million at 31 March 2003. The Board has had operating deficits in each of the last five years ranging in amounts from \$0.3 million in 2003 to \$1.1 million in 2002 and 2001.

The Board's financial operations are monitored throughout the year through monthly variance reports of actual and budgeted expenditures; however, there are issues relating to the Board's budget as follows:

- The Board's budget is not being approved by the Department of Health and Community Services until well into the fiscal year; therefore, the flexibility to take action to stay within the budget is reduced.
- Each year the Board submits a budget based on the expected costs and normally results in a deficit since Provincial funding is insufficient to cover the projected costs. The Board, however, operates under the premise that additional funding will be provided by the Province. Although in most instances this funding is eventually provided, usually in March, this results in a budget system where deficits will occur if the additional funding is not provided and steps are not taken to reduce costs to the available funding level.