which could be used in any other province or territory of Canada. This highlights the need for the Department to institute stronger controls over its cards by the use of expiry dates, unique identifiers and requiring periodic re-registration.

• The Department is not adequately investigating why payments are made for out-of-province medical services for individuals who are not eligible for coverage under the Province's Medical Care Plan. Although monthly reports are produced which are designed to determine beneficiary eligibility relating to out-of-province payments, at the time of our review in March 2003 the Department had only contacted beneficiaries listed in its May 2002 report and no work has been started on the monthly reports generated since that time.

2.22 Monitoring Health and Community Services Boards

There are four health and community services boards in the Province comprised of St. John's, Eastern, Central and Western Regions. Each of these boards has local offices throughout the Province. Health and Community Services in Northern Newfoundland and Labrador are administered as separate components of the Grenfell Regional Health Services Board and the Health Labrador Corporation, respectively.

As a part of our audit work, we continue to monitor the financial position and annual operating results of the four community services boards.

The combined financial position of the four health and community service boards at 31 March 2003 shows total unfunded liabilities of $23.7 million, a 158% increase from the $9.2 million reported in 1999-00. These net unfunded liabilities will eventually have to be funded by Government.

The St. John's Regional Health and Community Services Board had total unfunded liabilities of $10.2 million and accounts for 43% of the $23.7 million total reported for 2002-03. The St. John's Regional Health and Community Services Board's unfunded liabilities have

increased by 112% from $4.8 million in 1999-00 to $10.2 million in 2002-03. The change in the unfunded liabilities of the other three boards showed some improvement during the year.

Provincial funding has increased from $149.7 million in 1999-00 to $200.0 million in 2002-03 and during this period, annual operating deficits have decreased from $4.6 million in 1999-00 to $1.2 million in 2002-03. Although all boards reported an annual operating deficit during the year, the deficits were less than those reported in 2001-02.

At 31 March 2003, two of the health and community services boards were in contravention of the *Financial Administration Act* in that they had long-term debt totalling $556,265 to entities outside of the government reporting entity.   The $556,265 was comprised of $459,301 in long-term debt for the St. John's Regional Health and Community Services Board and $96,964 in long-term debt for the Eastern Health and Community Services Board.

2.23 Monitoring Hospital Boards

From 1 November 1994 to 1 January 1996 the Government of Newfoundland and Labrador established eight regional health care institutions boards to administer health care facilities in Newfoundland and Labrador. These boards took over the facilities previously administered by many small local boards.

The financial position of the eight hospital boards has been deteriorating over the past several years. In an effort to control operating deficits, boards have implemented changes to reduce costs and Government has provided additional funding. As a part of our audit work, we continue to monitor the financial position and annual operating results of the eight hospital boards.

The combined financial position of the eight hospital boards at 31 March 2003 shows total unfunded liabilities of $424.4 million, a 48% increase from the $286.0 million reported in 1999-00. These net unfunded liabilities will eventually have to be funded by Government.

All eight boards reported increases in the total unfunded liabilities for 2002-03. In particular, the total unfunded liabilities for the Health Care Corporation of St. John's was $233.4 million and accounts for