

entities contravened the *Financial Administration Act* by borrowing money without legislative authority.

The most recent financial statements of the 4 health and community services boards which were created under the *Health and Community Services Act* disclosed that 2 of these entities had a total of \$556,265 in outstanding long-term debt to entities outside of the government reporting entity. The *Health and Community Services Act*, under which these entities were created, does not provide specific authority to borrow. The *Financial Administration Act* prohibits the raising of money by way of loan without legislative authority. As a result, these entities contravened the *Financial Administration Act* by borrowing money without legislative authority.

2.5 Monitoring Expenditures of the Consolidated Revenue Fund

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.

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.

The results of our review are presented in Part 2.5 of the *Report of the Auditor General to the House of Assembly on Reviews of Departments and Crown Agencies for the Year Ended 31 March 2003*.

2.6 Monitoring Agencies of the Crown

Section 14 of the *Auditor General Act* requires the auditor of an agency of the Crown or a Crown controlled corporation to deliver to the Auditor General, after completion of the audit, a copy of the auditor's report, audited financial statements and recommendations to management. These financial statements and management letters along with our Office's audits of Crown agencies provide the basis for our monitoring of all Crown agencies.

Of the 82 entities required to prepare annual financial statements, 29 (2002 -32) were audited by our Office while 51 (2002 -53) were audited by private sector auditors. Contrary to their governing legislation, the remaining 2 entities, the Memorial University Foundation and the Newfoundland and Labrador Occupational Therapy Board have never submitted audited financial statements.

As of 30 November 2003, the required audited financial statements had not been received from the private sector auditors for 8 of the 51 entities and the required management letters had not been received for 13 of the 51 entities. Furthermore, the majority of audited financial statements and management letters that were received from the private sector auditors were not received on a timely basis. On average, audits are completed and the auditors' reports signed within three months after the year end. However, in most cases the financial statements and related management letters are not received by our Office until another four months after the audit report date, and often only after follow-up by our Office.

The highlights from our review of audited financial statements and management letters of Crown agencies are presented in Part 2.6 of the *Report of the Auditor General to the House of Assembly on Reviews of Departments and Crown Agencies for the Year Ended 31 March 2003*.

2.7 Accounts and Loans Receivable in Government

At 31 March 2003 Government was owed \$465 million of which \$218 million is considered to be uncollectible. Our review disclosed that Government has written off \$267 million owed to it during the past 12 years. In my opinion, Government does not do a good job of collecting amounts owed to it.

2.8 Avalon East School District

District # 10 - Avalon East School Board has the largest student population of the 11 school boards in the Province. For the 2002-03 school year, the Board provided an educational program to 29,800 students in 65 schools located throughout the eastern Avalon Peninsula, from Holyrood, south to Peter's River and east. For the year ended 30 June 2003, the Board spent approximately \$21.1 million to acquire goods and services.