

We identified 3 instances where the Board paid \$11,223 more than the required tender or quoted amount. As a result of our finding the Board subsequently recovered \$8,520 of this amount.

2.9 Avalon West School District

District # 9 - Avalon West School Board has the second largest student population of the 11 school boards in the Province. For the 2002-03 school year the Board provided an educational program to 9,571 students in 32 schools located throughout the western half of the Avalon Peninsula, from Southern Harbour, east to Holyrood and south to Peter's River. For the year ended 30 June 2003 the Board spent approximately \$8.7 million to acquire goods and services.

We completed a review in October 2003 of the acquisition of goods and services by the Avalon West School Board. Our review covered the period July 2002 to June 2003. The objective of our review was to determine whether the Board complied with the requirements of the *Public Tender Act* and *Regulations* in its acquisition of goods and services.

We found that the Board contravened the *Public Tender Act* and *Regulations* as follows:

- For 7 purchases totalling \$259,953, there were no public tenders.
- For 3 purchases totalling \$39,190, which were not tendered for a particular reason, the Minister, and therefore the House of Assembly, was not informed of these exceptions.
- For 3 purchases totalling \$87,525, the Board did not follow the spirit and intent of the *Public Tender Act* by issuing tender specifications in 2 instances which referred to a specific model and in 1 instance by issuing tender specifications which were so specific that competition was restricted.
- For 6 purchases totalling \$25,685, the Board neither obtained three quotations nor provided documentation that a fair and reasonable price was established.

- There were a number of issues relating to the lack of documentation required by the *Regulations*. For example, tender files did not always contain evidence of the time and date that a bid was received and whether two people were present when the tenders were opened.

The Board has purchased equipment through financing arrangements totalling \$273,355 without obtaining the prior approval of the Minister of Education as required by the *Schools Act, 1997*.

2.10 Labrador School District

District #1 Labrador School Board, for the 2002-03 school year, provided an educational program to 4,970 students in 19 schools located throughout Labrador.

The Board does not always operate within its budget as evidenced by the fact that the Board has incurred operating deficits in four of the six fiscal years since it was created. As at 30 June 2002, the Board had an accumulated deficit of \$6.5 million. The Board has never received the prior approval of the Minister of Education to incur these deficits as required by the *Schools Act, 1997*.

At 30 June 2002, the Board had a \$1.0 million bank loan and had also borrowed approximately \$71,000 to purchase two vehicles. The Board did not receive the approval of the Minister of Education prior to incurring this debt as required by the *Schools Act, 1997*.

The Board is not complying with the *Public Tender Act*. Thirty-two purchases totalling \$835,647 were made without the required public tender call.

The Board has no documented policies relating to either the acquisition of goods and services or other expenditures such as travel. We found that existing controls in this area were not adequate. For example: purchase orders were not always used; invoices were not always stamped as paid; amounts charged on invoices were not always checked to quoted prices before payment; travel claims were not always approved by the next level of management; and officials could not demonstrate whether all amounts paid relating to the use of Board credit cards were for Board business.