

The 27 school boards continued to exist and administer the schools within their jurisdiction until their dissolution on 31 December 1996. As at 31 December 1996, there were approximately 445 schools in the Province with a total enrolment of 110,450 students.

Effective 1 September 2004, 9 of the 11 school boards were dissolved and 3 new boards were created resulting in 5 school boards. For the 2003-04 school year there were approximately 305 schools in the Province with a total enrolment of 81,460 students.

As part of our work we continue to monitor the financial position and annual operating results of the school boards.

As a result of the reorganization, the boards were requested by the Department of Education to prepare audited financial statements for the 14 month period ending 31 August 2004 rather than the 12 month period ending 30 June 2004. Therefore, as at 1 December 2004 the required audited financial statements were available for only 1 of the 11 school boards. As a result we were unable to update our monitoring of the financial position and operating results of the school boards for the year ended 30 June 2004.

In our 2005 Annual Report, we will again provide information resulting from our monitoring of the Province's school boards.

2.10 Newfoundland School for the Deaf

The Newfoundland School for the Deaf (the School) is a residential school operated by the Department of Education. The School provides an educational program for deaf children. In 2004, the School had 54 students, 23 teachers and 46 administration and support staff. Of the 54 students, 21 stay at the School's residence. For the year ended 31 March 2004, the School spent approximately \$3.8 million to deliver the educational program.

There are significant management weaknesses at the School in areas such as teacher allocation, human resources, residence operations, food service and transportation contracts, purchasing and capital assets. Although the Department of Education has been aware of many of these issues for quite some time, it has not taken sufficient action to ensure that these weaknesses were addressed.

Our review indicated the following:

The School has been overallocated a total of 23.3 teaching units at an approximate cost of \$1.5 million over the past five years to 2003-04. Although the Department of Education was aware of this overallocation since 2000-01, they continued to fund the overallocation for 2002, 2003, and 2004.

Officials have not addressed the decline in the number of students staying in residence to determine whether cost savings could be realized. During 2003-04 there were only 21 students in residence. The School has a residence with 5 wings which can accommodate 84 students and also has 4 apartments which can accommodate 16 students, for a total capacity of 100 students. Only 2 students stay in residence on weekends and are cared for by the equivalent of 3 full-time positions. Furthermore, the Department of Education has projected further declines in student enrolment.

The School's administration of overtime and leave is not adequate in that required approvals are not always provided and overtime and leave is not always properly documented and recorded. Employees are earning excessive amounts of overtime, e.g. 23 residential staff earned 782 days of overtime during 2003-04 and used 751 days of this leave. Furthermore, these staff are using this overtime to cover School break periods when they would normally not be needed, i.e. Summer, Christmas, Easter and other School breaks.

The School is not adequately managing its food service contract which for 2002-03 cost \$159,432. The School has not been diligent in requiring the contractor to provide the information required under the food service contract and which would be necessary for the School to properly manage this expenditure.

The School has a transportation contract with a total annual cost of \$62,120, for the daily transportation of 46 students from the St. John's and surrounding area; however, when the contract was entered into, student enrolment was only 37. Furthermore, School officials were aware student enrolment would be declining even further. No provision was included in this contract which would allow the School to adjust costs for changes in circumstances.

The School contravened the *Public Tender Act* in that it did not always obtain the required three quotes or provide documentation that a fair and reasonable price was established.

School officials were unable to explain a shortage of \$157 that we identified during a cash count of the School's \$2,000 petty cash float.

Contrary to the Department of Education's policy, the School is providing textbooks for all students without charge. Furthermore, up to 2002, the School provided supplies to its students without charge.

The School opened a bank account without the required approval by Treasury Board Secretariat to deposit receipts from the rental of the School's theatre, gym and other facilities, as well as donations from religious and other non-profit organizations. Amounts were spent from this account to pay for conference costs, equipment rental, residential supplies, bus transportation and miscellaneous expenses. As a result of not having these expenditures processed through Government's financial management system, they were not subject to approvals and controls applicable to all Government purchases. Instead, these funds are spent at the discretion of School officials.

The School is not adequately controlling its capital assets in that the inventory listing is incomplete and not maintained on a current basis, not all assets have unique identification numbers affixed, and a physical count has not been conducted in the past 10 years. Our testing of capital assets indicated instances where assets on the listing could not be located and assets in various locations could not be traced to the listing.

2.11 School Board Executive Compensation Practices

In contrast to the old *Schools Act* which allowed a board to set remuneration for its staff, the *Schools Act, 1997* states that salaries for directors and assistant directors (executive) will be paid in accordance with scales approved by the Lieutenant-Governor in Council and that a board will not pay remuneration greater than the approved scales.