

- Boards indicated that they did not have sufficient resources to meet the demand for gambling addiction rehabilitation and as a result several boards had waitlists.
- There is no centralized resource at the Department of Health and Community Services to assist the regional boards in developing standard programs for gambling rehabilitation including a strategy for the delivery of a Provincial education and awareness program.
- Although Government is required to match a 1% VLT fee received from retailers, officials at the Department of Health and Community Services were not aware of this requirement.

## **2.24 Grenfell Regional Health Services Board**

The Grenfell Regional Health Services Board was incorporated on 1 April 1981. In November 1994, as a result of the restructuring of health boards in the Province, health services formerly under the Board in Happy Valley-Goose Bay, Churchill Falls and coastal Labrador north of Black Tickle were transferred to the newly constituted Health Labrador Corporation. Also, the Board assumed responsibility for the St. Anthony Interfaith Home.

The Board has incurred an annual operating deficit in four of the past five years and at 31 March 2003 had an accumulated deficit of \$12.1 million. Contrary to the requirements of the *Hospitals Act*, the Board did not obtain the approval of the Minister of Health and Community Services to incur any of the annual deficits. At 31 March 2003, the Board had total liabilities of \$23.5 million including net bank indebtedness of \$1.1 million.

Although the Board has incurred annual deficits and has bank indebtedness, it has either spent money contrary to Government policy, its own internal policy or has not collected amounts owed to it.

The Board is contravening the *Public Tender Act* in that it does not always call public tenders for purchases greater than \$10,000 and it does not always obtain either three quotes or establish a fair and reasonable price for purchases \$10,000 and less. We also found instances where purchases to the same supplier and on the same day were split in an apparent attempt to avoid the requirement to call a public tender. In addition, requests for proposals did not receive the prior approval of the Lieutenant-Governor in Council. Furthermore, the Minister of Government Services and therefore the House of Assembly were not always informed of *Public Tender Act* exceptions as required.

## **2.25 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.

Effective 1 April 2005, the four health and community services boards will combine with the eight hospital boards to establish four regional health authorities throughout the Province.

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 2004 shows total unfunded liabilities of \$31.1 million, a 57% increase from the \$19.8 million reported in 2000-01. These net unfunded liabilities will eventually have to be funded by Government.

The St. John's Health and Community Services Board had total unfunded liabilities of \$13.1 million and accounts for 42% of the \$31.1 million total reported for 2003-04. The St. John's Health and Community Services Board's unfunded liabilities have increased by 68% from \$7.8 million in 2000-01 to \$13.1 million in 2003-04. The unfunded liabilities of the other three boards also increased during the year.