

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.

Provincial funding has increased from \$165.3 million in 2000-01 to \$209.0 million in 2003-04, an increase of \$43.7 million (26%). During this period, program costs increased from \$160.2 million to \$197.4 million, an increase of \$37.2 million (23%). Therefore, annual operating deficits have decreased from \$11.6 million in 2000-01 to \$7.5 million in 2003-04. For 2003-04, all boards reported an annual operating deficit higher than the previous year.

At 31 March 2004, two of the health and community services boards were in contravention of the *Financial Administration Act* in that they had long-term debt totalling approximately \$983,000 to entities outside of the government reporting entity without legislative authority. The \$983,000 was comprised of \$915,000 in long-term debt for the St. John's Regional Health and Community Services Board and \$68,000 in long-term debt for the Eastern Health and Community Services Board.

2.26 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.

Effective 1 April 2005, the eight hospital boards will combine with the four health and community services 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 eight hospital boards.

The combined financial position of the eight hospital boards at 31 March 2004 shows total unfunded liabilities of \$442.7 million, a 21% increase from the \$366.1 million reported in 2000-01. These net unfunded liabilities will eventually have to be funded by Government.