

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.

Seven out of the eight hospital boards reported increases in the total unfunded liabilities for 2003-04. In particular, the total unfunded liabilities for the Health Care Corporation of St. John's was \$239.7 million and accounts for 54% of the \$442.7 million total reported by all eight boards for 2003-04. The total unfunded liabilities of the Health Care Corporation of St. John's have increased by 13% from \$211.6 million in 2000-01 to \$239.7 million in 2003-04.

Provincial funding has increased from \$692.7 million in 2000-01 to \$885.8 million in 2003-04, an increase of \$193.1 million (28%). During this period, program costs increased from \$579.5 million to \$714.3 million, an increase of \$134.8 million (23%). Therefore, annual operating deficits have decreased from \$60.1 million in 2000-01 to \$24.5 million in 2003-04. All boards reported an annual operating deficit during the year. Only two boards had deficits which were less than those reported in 2002-03 (Central East and Central West).

2.27 Income Support/Case Management Information System

The Department of Human Resources, Labour and Employment is responsible for providing a range of programs and services directed to low-income individuals and families to help meet their financial needs. One of its main activities is providing income support to eligible individuals and families.

Since 1988, the Department has made two attempts to complete the development of a comprehensive management information system for its income support program and case management. However, at the time of our review in November 2003, no such system was in place.

The latest attempt to develop a new system commenced in October 1999 and was estimated to cost \$4.3 million and be fully functional in October 2002. As at November 2003, thirteen months after the original estimated completion date, only one of the expected seven modules was fully functional across the Province. Furthermore, as a result of a change in the project scope and expenditures not included in the original estimate, in November 2003 the Department indicated that the project development cost was expected to be \$7.9 million;