

The Board is paying its four executive personnel a total of \$37,381 annually in excess of the pay rates approved by Government. Furthermore, although all employment contracts of Board executives are required to have the written approval of the Minister of Education, the four contracts submitted to the Department were never approved by the Minister. As a result, the Board is not in compliance with the *Schools Act, 1997* and is utilizing funds designated for other purposes to top-up executive salaries.

The Board entered into financing lease arrangements relating to photocopiers without the prior approval of the Minister of Education as required by the *Schools Act, 1997*. These lease payments will total approximately \$710,000 over a five year period. The Board also violated the *Schools Act, 1997* in that it did not obtain the prior approval of the Minister of Education when it entered into an agreement to share costs with the Roman Catholic Episcopal Corporation for the demolition of a vacant school owned by the Corporation. The Board proceeded contrary to the position of the Department. The Board's share of the demolition cost was \$92,450.

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. Furthermore, the Board is not complying with the *Public Tender Act* in that it does not notify the Minister of Government Services and, therefore, the House of Assembly of any public tender exceptions such as sole source or emergency purchases.

Two of the Board's vehicles were available for the use of two management staff on a 24 hour basis; however, no logs were being maintained to determine the extent of any personal use. Furthermore, neither of these 2 vehicles have markings to identify them as Board-owned vehicles.

## **2.9 Monitoring School Boards**

In 1996 the school system in the Province was reorganized with the dissolution of 27 church run school boards and the creation of 10 new English language school boards and 1 French language school board.

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.