

Although the *Portability of Pensions Act* requires the transfer of pensionable service between various Government pension plans when an employee transfers to a new position, we found 6 instances where individuals on secondment, who were subsequently transferred to permanent positions, were permitted to continue to pay into a pension plan even though they no longer belonged to the group the plan was designed for. Pension plan transfers were not made in 3 instances by the Department, in 1 instance by the Executive Council, in 1 instance by a school board, and in 1 instance by the Newfoundland and Labrador Teachers' Association.

Contrary to Government's policy, during the year the Department paid approximately \$82,000 to 9 management staff relating to salary differentials. There are two issues relating to these overpayments: first, Government policy only allows salary differentials to be paid based on positions which are classified on a job evaluation plan administered by Treasury Board -teaching positions are not classified on such a job evaluation plan, and second, by filling program consultant positions through secondments, the Department is paying these individuals more than the position value because of a bonus amount required by the Newfoundland and Labrador Teachers' Association collective agreement. Contrary to Government policy, the Department included the bonus amount which resulted in some of its management staff receiving a salary differential because of the inflated salary of their subordinates. The practice of paying salary differentials has been ongoing since the Department started seconding teachers into program consultant positions in the early 1980's.

The Department has overpaid one staff member a total of approximately \$2,100 by incorrectly calculating retroactive salary payments.

2.5 Monitoring School Boards

Effective 1 September 2004, 9 of the 11 school boards in the Province were dissolved and 3 new boards were created resulting in four English language school boards and one French language school board. For the 2004-05 school year there were approximately 303 schools in the Province with a total enrolment of 79,439 students.

At 31 December 1996 when the 11 former school boards were created, there were approximately 445 schools in the Province with a total enrolment of 110,450 students.

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

All five school boards had accumulated deficits as at 30 June 2005. The combined financial position of the five boards at 30 June 2005 shows total accumulated deficits of \$110.0 million, a 5% increase from the \$104.4 million reported in 2004. Included in the accumulated deficit is an amount of \$103.6 million related to severance pay and leave accruals. The accumulated deficits will eventually have to be funded by Government. The Eastern Board accounted for \$53.2 million or 48% of the total \$110.0 million in accumulated deficits.

All 5 boards reported operating surpluses for the year ended 30 June 2005 totalling \$6.8 million. Operating surpluses ranged from \$295,000 to \$2.7 million. Because of inconsistent reporting periods resulting from the restructuring of school boards, comparisons with prior years' financial results would not currently be meaningful. It will take a couple of years of consistent reporting of financial information before effective and meaningful comparisons can be performed.

Contrary to the *Schools Act, 1997*, two school boards did not submit their 2005-06 annual budgets to the Minister for approval by 4 March 2005 as required by the Minister. The budget for the Western Board was not submitted until 4 May 2005 and the budget for the Eastern Board was not submitted until 17 May 2005.

2.6 Petroleum Storage Systems

The Department of Environment and Conservation in co-operation with the Department of Government Services is responsible for the registration, inspection and monitoring of petroleum storage systems in the Province. Petroleum storage systems include above-ground and under-ground containers and related piping in a fixed location where gasoline or associated products are stored and would include