

- licensing standards were not enforced;
- monitoring of care standards require improvement; and
- annual fire and life safety, and environmental health inspections were not completed within the required annual time frame.

In July 2002, the St. John's Regional Health and Community Services Board decided that it could not approve the licence of a home which did not meet building standards for minimum room sizes. Based on a complaint, the Board determined in March 2003 that the home was operating without a licence. The home continued to operate without a licence and in June 2003 the Minister of Health and Community Services directed the Board to issue the licence to the home even though it did not meet licensing requirements. Based on this direction, the Board issued the licence in September 2003.

2.13 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. The health and community services boards provide traditional community health services including health promotion and protection, mental health services, continuing care, and immunization services. In addition, community service programs including Child Welfare, Community and Corrective Services, and Family Rehabilitative Services, are delivered under the health and community services boards.

Effective 1 April 2005, the four health and community services boards combined with the eight health care institution and integrated 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 boards.

The overall financial position of the four boards has deteriorated every year since 2000-01. All four boards had unfunded liabilities as at 31 March 2005. The combined financial position of the four health and community service boards at 31 March 2005 shows total unfunded liabilities of \$36.3 million, an 83% increase from the \$19.8 million reported in 2000-01. The unfunded liabilities will eventually have to be funded by Government.

The St. John's Regional Health and Community Services Board accounted for \$16.8 million or 46% of the total \$36.3 million in unfunded liabilities. The largest increase in unfunded liabilities during the year was at the Western Regional Health and Community Services Board, where the total unfunded liabilities increased 71% from \$3.5 million to \$6.0 million.

During the year, two of the four boards had operating deficits totalling \$5.9 million and two had surpluses totalling \$1.0 million. For 2004-05, only one board, the St. John's Regional Health and Community Services Board, reported an annual operating deficit higher than the previous year.

Since 2000-01, total annual operating deficits have generally declined because Provincial funding has increased more than expenditures. For example, Provincial funding increased \$47.1 million (28%) from \$165.3 million in 2000-01 to \$212.4 million in 2004-05. During this same period, program costs increased \$40.5 million (25%) from \$160.2 million in 2000-01 to \$200.7 million in 2004-05.

At 31 March 2005, one of the health and community services boards, the St. John's Regional Health and Community Services Board, was in contravention of the *Financial Administration Act* in that the board had long-term debt totalling approximately \$850,000 to entities outside of the government reporting entity without legislative authority.