

2.14 Monitoring Health Care Institutions and Integrated Boards

From 1 November 1994 to 1 January 1996 the Government of Newfoundland and Labrador established eight regional health care institutions and integrated boards to administer health care facilities in Newfoundland and Labrador. These boards took over the facilities previously administered by many small local boards. The financial position of the boards has been deteriorating over the past several years. In an effort to control operating deficits, boards have implemented changes to reduce costs and Government has provided additional funding.

Effective 1 April 2005, the eight boards combined 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 boards.

The overall financial position of the eight boards has deteriorated every year since 2000-01. All eight boards had unfunded liabilities as at 31 March 2005. The combined financial position of the eight boards at 31 March 2005 shows total unfunded liabilities of \$453.6 million, a 24% increase from the \$366.1 million reported in 2000-01. The unfunded liabilities will eventually have to be funded by Government.

The Health Care Corporation of St. John's accounted for \$242.4 million or 53% of the total \$453.6 million in unfunded liabilities. Six of the eight boards reported increases in the total unfunded liabilities for 2004-05.

During the year, six of the eight boards had operating deficits totalling \$17.4 million and two had surpluses totalling \$1.2 million. For 2004-05, two boards, the Central West Health Corporation and Western Health Care Corporation, reported an annual operating deficit higher than the previous year.

Since 2000-01, total annual operating deficits have generally declined because revenues have increased more than expenditures. Most notably, Provincial funding increased \$201.0 million (29%) from \$692.7 million in 2000-01 to \$893.7 million in 2004-05. During this same period, total expenditures increased \$187.7 million (23%) from \$816.8 million in 2000-01 to \$1,004.5 million in 2004-05.

2.15 Income Support Program

The Province's income support program is delivered by the Department of Human Resources, Labour and Employment (the Department) under authority of the *Income and Employment Support Act*. Since 2001, the Department has served an average of 36,334 cases each year.

Due to an increased emphasis on assisting clients to find and maintain employment, improved technology, and declining case loads the Department has reduced the number of district offices and has changed the manner in which it delivers its programs, particularly in the information it collects and the ways that clients can apply for, and continue receiving, income support. The Department made the requirement for home visits discretionary in the mid-1990's because they determined that home visits did not add significant value to ensuring that only eligible clients actually received benefits.

The Department has instituted integrity measures to ensure it has current and accurate client information on file and that errors are not made in approving applications for income support or in the continuing provision of income support.

While the Department has instituted a number of useful measures to monitor the Income Support Program, these measures are not being employed as effectively or thoroughly as they should be.

Weakness in Departmental structure

There are weaknesses with the Department's structure as it relates to the Income Support Program. Responsibility for ensuring appropriate income support payments are made to clients is divided