2.6 Monitoring Expenditures of the Consolidated Revenue Fund

Introduction

As part of our audit of the financial statements of the Consolidated Revenue Fund (CRF), we perform tests and reviews of the expenditures made by the various departments. Figure 1 outlines expenditures, by category, recorded in the Consolidated Revenue Fund financial statements for the years ended 31 March.

Figure 1

Consolidated Revenue Fund Expenditures
By Category
Years Ended 31 March
($ Millions)

Consolidated Revenue Fund Expenditures					
Category	**2000**	**2001**	**2002**	**2003**	**2004**
Salaries and Employee Benefits	317	337	361	378	371
Retirement Costs	(5)	(13)	3	96	104
Transportation and Communications (See Figures 13, 14)	37	36	37	38	38
Supplies	50	57	54	58	57
Professional Services (See Figures 9, 10)	55	194	198	204	248
Purchased Services (See Figures 7, 8)	239	240	250	218	135
Property, Furnishings and Equipment (See Figures 5, 6)	39	44	49	15	32
Allowances and Assistance (See Figures 11, 12)	316	334	343	352	370
Grants and Subsidies (See Figures 2, 3, 4)	1,863	1,829	1,985	2,128	2,230
Debt Expenses	808	878	874	905	1,012
Information Technology	25	26	26	26	21
Bad Debts	30	28	11	8	26
Amortization (tangible capital assets)	-	-	-	-	89
Total	**3,774**	**3,990**	**4,191**	**4,426**	**4,733**

Source: Consolidated Revenue Fund financial statements

2.6 Monitoring Expenditures of the Consolidated Revenue Fund

During the past year, we obtained expenditure information from Government's accounting system relating to all expenditures of the Consolidated Revenue Fund. We performed a general review and analysis of amounts paid relating to: grants and subsidies; property, furnishings and equipment; purchased services; professional services; allowances and assistance; and transportation and communications. Details of the expenditures in each of these categories are provided as follows:

Grants and Subsidies

Government has established programs which provide grants or subsidies to various Crown agencies, private corporations and individuals. These payments are made to health boards, to school boards, to the College of the North Atlantic and Memorial University of Newfoundland, and to certain Crown agencies for operational funding. Other grants and subsidies are paid to private corporations and individuals in accordance with Government support programs.

During the year we continued our process of monitoring and reviewing payments made for grants and subsidies. Figure 2 shows, by department, payments made for grants and subsidies for the year ended 31 March 2004 totalling $2.23 billion with comparative figures for the year ended 31 March 2003.

As the Figure indicates for the year ended 31 March 2004, grants and subsidies amounted to approximately $2.23 billion or approximately 47.1% of the total expenditures of the Consolidated Revenue Fund. For the year ended 31 March 2003, payments for grants and subsidies were approximately $2.13 billion and represented approximately 48.1% of the total expenditures of the Consolidated Revenue Fund.

Figure 2

Grants and Subsidies Expenditures
By Department
Years Ended 31 March
($000's)

Grants and Subsidies Expenditures by Department		
Department	**2003**	**2004**
Health and Community Services	1,255,435	1,287,707
Education	527,546	578,964
Youth Services and Post Secondary Education	207,586	226,479
Municipal and Provincial Affairs	48,478	52,857
Industry, Trade and Rural Development	20,043	18,622
Human Resources and Employment	12,728	12,729
Tourism, Culture and Recreation	5,247	11,146
Newfoundland and Labrador Housing Corporation	10,002	10,674
Justice	7,383	7,656
Mines and Energy	5,067	6,558
Labrador and Aboriginal Affairs	4,474	4,823
Works, Services and Transportation	4,142	4,425
Forest Resources and Agrifoods	4,267	3,100
Executive Council	1,536	1,554
Fisheries and Aquaculture	1,363	1,277
Finance	12,400	403
Legislature	97	353
Environment	115	237
Government Services and Lands	48	62
Labour	93	27
Total	**2,128,050**	**2,229,653**

Source: Government's Financial Information System

2.6 Monitoring Expenditures of the Consolidated Revenue Fund

We also summarized the payments of grants and subsidies by the type of entity for the year ended 31 March 2004 with comparative figures for the year ended 31 March 2003. The results of this summary are outlined in Figure 3.

Figure 3

Grants and Subsidies Expenditures
By Type of Entity
Years Ended 31 March
($000's)

Types of Entities Receiving Grants and Subsidies		
Type of Entity	**2003**	**2004**
Hospitals and Health Services Boards	995,713	1,007,783
School Boards - Teachers' Payroll	382,326	409,427
Health and Community Services Boards and Related Entities	234,764	247,428
Memorial University of Newfoundland	159,748	183,201
School Boards and Related Entities - Other Payments	128,469	139,880
College of the North Atlantic	60,791	64,113
Municipalities	47,974	52,857
Economic Renewal, Labour Market and Industry Support	36,305	30,446
Educational Agencies and Post Secondary Education Support	15,488	16,350
Transportation Grants	9,478	13,960
Newfoundland and Labrador Education Investment Corporation	181	11,618
Newfoundland and Labrador Housing Corporation	10,002	11,132
Provincial Information and Library Resources Board	6,976	8,183
Culture and Heritage	1,185	7,324
Newfoundland and Labrador Legal Aid Commission	7,052	7,314
Other Miscellaneous Grants	5,530	6,950

Figure 3 (cont'd)

Types of Entities Receiving Grants and Subsidies		
Type of Entity	**2003**	**2004**
Canada-Newfoundland Offshore Petroleum Board	3,027	3,320
Agricultural Development	4,139	2,970
Labrador Agreement and Native Peoples Support	3,212	2,970
Recreation and Sport	2,233	1,877
Newfoundland and Labrador Film Development Corporation	550	550
Newfoundland and Labrador Municipal Financing Corporation	12,504	-
C. A. Pippy Park Commission	403	-
Total	**2,128,050**	**2,229,653**

Source: Government's Financial Information System

Figure 4 provides the names of all entities which received grants and subsidies funding in excess of $10 million for the year ended 31 March 2004 with comparative figures for the year ended 31 March 2003.

Figure 4

Grants and Subsidies Expenditures
Payments in Excess of $10 million
Years Ended 31 March
($000's)

Entities Which Received in Excess of $10 Million		
Entity	**2003**	**2004**
Health Care Corporation of St. John's	398,623	410,599
Memorial University of Newfoundland	159,748	183,201
Western Health Care Corporation	135,148	140,549
Central West Health Care Corporation	77,711	80,878
Community Health - St. John's	73,960	79,290
Central East Health Care Corporation	62,680	66,882
Peninsulas Health Care Corporation	60,835	64,133
College of the North Atlantic	60,791	64,113
St. John's Nursing Home Board	59,435	61,551
Avalon Health Care Corporation	53,143	55,879
Eastern Regional Community Health Board	45,452	47,632
Labrador Health Services Board	43,861	46,469
Central Newfoundland Regional Community Health Board	42,193	43,006
Grenfell Regional Health Care Corporation	40,351	42,187
Western Newfoundland Regional Community Health Board	37,534	39,222
District #10 School Board	28,010	31,362
Canadian Blood Services	20,336	18,885
Newfoundland Cancer Treatment and Research Foundation	15,726	16,633
District #6 School Board	11,917	13,184

Figure 4 (cont'd)

Entities Which Received in Excess of $10 Million		
Entity	**2003**	**2004**
District #9 School Board	12,222	13,146
District #5 School Board	11,300	11,970
Newfoundland and Labrador Educational Investment Corporation	181	11,618
Newfoundland and Labrador Housing Corporation	10,002	11,132
District #1 School Board	9,377	10,971
District #3 School Board	9,898	10,694
Newfoundland and Labrador Municipal Financing Corporation	12,504	-
Grants $10 million and less paid to over 5,200 entities in 2004 (2003 - over 5,200 entities)	635,112	654,467
Total	**2,128,050**	**2,229,653**

Source: Government's Financial Information System

Property, Furnishings and Equipment

The Property, Furnishings, and Equipment category generally includes capital items such as equipment purchased for use by Government departments. This category also includes grants made by the Department of Health and Community Services to the various hospital and health and community services boards for the purchase of equipment. During the year ended 31 March 2004, the Province paid $26.2 million (2003 - $2.1 million) to the hospital and health and community services boards for equipment which is included in the property, furnishings and equipment category. As indicated in Figure 1, payments for property, furnishings and equipment totalled $32 million for the year ended 31 March 2004. Figure 5 shows, by department, payments made for property, furnishings and equipment for the year ended 31 March 2004 with comparative figures for the year ended 31 March 2003.

2.6 Monitoring Expenditures of the Consolidated Revenue Fund

Figure 5

Property, Furnishings and Equipment Expenditures
By Department
Years Ended 31 March
($000's)

Property, Furnishings and Equipment Expenditures by Department		
Department	**2003**	**2004**
Health and Community Services	2,111	26,166
Works, Services and Transportation	4,370	5,241
Education	709	805
Justice	689	804
Forest Resources and Agrifoods	1,644	743
Tourism, Culture and Recreation	403	643
Youth Services and Post Secondary Education	662	517
Government Services and Lands	224	237
Municipal and Provincial Affairs	3,202	231
Labour	93	150
Fisheries and Aquaculture	242	145
Environment	241	112
Finance	11	78
Mines and Energy	30	74
Legislature	98	69
Industry, Trade and Rural Development	73	52
Human Resources and Employment	54	33
Executive Council	83	28
Public Service Commission	10	6
Labrador and Aboriginal Affairs	15	2
Accrual adjustment for acquisition of tangible capital assets	-	(4,146)
Total	**14,964**	**31,990**

Source: Government's Financial Information System

2.6 Monitoring Expenditures of the Consolidated Revenue Fund

We also summarized the payments for property, furnishings and equipment to show all entities which received payments in excess of $1 million for the year ended 31 March 2004 with comparative figures for the year ended 31 March 2003. These entities are listed in Figure 6.

Figure 6

Property, Furnishings and Equipment Expenditures
Payments in Excess of $1 million
Years Ended 31 March
($000's)

Entities Which Received in Excess of $1 Million		
Entity	**2003**	**2004**
Health Care Corporation of St. John's	-	8,074
Western Health Care Corporation	20	6,836
Central East Health Care Corporation	178	2,876
Western Star Trucks Nfld. Ltd.	1,825	2,531
Avalon Health Care Institutions Board	254	1,679
Labrador Health Services Board	23	1,290
Central West Health Care Corporation	-	1,240
Peninsulas Health Care Corporation	487	1,009
Country Trailer Sales Ltd.	1,103	-
Payments $1 million and less to over 450 entities in 2004 (2003 - over 600 entities)	11,074	6,455
Total	**14,964**	**31,990**

Source: Government's Financial Information System

Purchased Services

Purchased services includes such services as heat and light, general maintenance, printing, vehicle rentals and repairs, advertising, and insurance. As indicated in Figure 1, payments for purchased services totalled $135 million for the year ended 31 March 2004. Figure 7 shows, by department, payments made for purchased services for the year ended 31 March 2004 with comparative figures for the year ended 31 March 2003.

Figure 7

Purchased Services Expenditures
By Department
Years Ended 31 March
($000's)

Purchased Services Expenditures by Department		
Department	**2003**	**2004**
Works, Services and Transportation	122,899	108,235
Health and Community Services	24,115	14,758
Forest Resources and Agrifoods	10,095	10,918
Justice	6,103	8,448
Tourism, Culture and Recreation	7,480	7,956
Youth Services and Post Secondary Education	5,029	6,505
Industry, Trade and Rural Development	5,910	4,358
Mines and Energy	13,161	3,972
Municipal and Provincial Affairs	3,523	3,073
Education	10,190	2,860
Government Services and Lands	2,248	2,656
Human Resources and Employment	1,520	2,350
Legislature	1,125	1,670
Executive Council	1,773	1,411
Fisheries and Aquaculture	1,379	889
Labour	514	558
Environment	444	522
Public Service Commission	154	165
Finance	222	156
Labrador and Aboriginal Affairs	192	134
Consolidated Fund Services	88	18
Accrual adjustment for acquisition of tangible capital assets	-	(46,713)
Total	**218,164**	**134,899**

Source: Government's Financial Information System

2.6 Monitoring Expenditures of the Consolidated Revenue Fund

We also summarized the payments for purchased services to show all entities which received payments in excess of $1 million for the year ended 31 March 2004 with comparative figures for the year ended 31 March 2003. These entities are listed in Figure 8.

Figure 8

Purchased Services Expenditures
Payments in Excess of $1 million
Years Ended 31 March
($000's)

Entities Which Received in Excess of $1 Million		
Entity	**2003**	**2004**
Johnson Construction Ltd.	13,525	9,491
Labrador Marine Inc.	4,857	8,669
Marco Services	-	7,913
Newfoundland Power	6,106	6,097
Bristol Communications Ltd.	4,161	4,685
Municipal Construction Ltd.	6,222	4,477
Terra Nova Industries Ltd.	3,239	3,604
Penney Paving	3,693	3,024
Clarenville Drydock Inc.	2,026	2,803
College of the North Atlantic	2,929	2,796
St. John's Dockyard Limited	2,870	2,722
Nortech Construction Company	1,208	2,628
Concord Paving Limited	3,289	2,548
Glenn Corp Ltd.	2,377	2,437
Allied Constructors Inc.	14,103	2,432
Marsh Canada Ltd.	1,804	2,294
Eastern Demolition and Recyclers	-	1,924
Trident Construction Limited	3,239	1,908
J-1 Contracting Limited	2,763	1,697
EFCO Enterprises	412	1,538
Federal - Provincial Contractors - Holdback Account	2,852	1,538
Brook Enterprises	64	1,509
Labrador Construction Ltd.	1,646	1,477
RDN Construction	2,892	1,494
RJG Construction	778	1,359

Figure 8 (cont'd)

Entities Which Received in Excess of $1 Million		
Entity	**2003**	**2004**
Star Line Inc.	1,966	1,356
Humber Valley Paving	4,431	1,346
Central East Health Care Board	389	1,334
Weirs Construction	732	1,313
Steers Insurance	15	1,309
Pennecon Ltd.	3,158	1,303
Atlantic Catering Ltd.	1,243	1,268
Mariner Engineering	4,102	1,232
Newfoundland and Labrador Hydro	1,434	1,159
B&R Enterprises	67	1,144
Irving Oil	1,578	1,107
Citi Capital	606	1,058
Denison Environmental Services	1,445	825
Western Health Care Corporation	3,681	779
Newfound Construction Ltd.	1,125	405
Atcon Construction Inc.	9,399	-
Olympic Construction Ltd.	4,012	-
10663 Newfoundland Limited	3,508	-
Canship Limited	1,922	-
H.J. O'Connell Construction Ltd.	1,715	-
Provincial Paving	1,271	-
B & M Paving (1983) Ltd.	1,255	-
Lyn-Gor Developments Inc.	1,164	-
Payments $1 million and less to over 5,700 entities (2003 - over 5,500 entities)	80,891	34,897
Total	**218,164**	**134,899**

Source: Government's Financial Information System

Professional Services

Professional services generally include the fees and expenses of those engaged in a specialty profession such as accountants, doctors, lawyers, and engineers who provide a service, a report or advice to Government. As indicated in Figure 1, payments for professional services totalled $248 million for the year ended 31 March 2004. Figure 9 shows, by department, payments made for professional services for the year ended 31 March 2004 with comparative figures for the year ended 31 March 2003.

Figure 9

Professional Services Expenditures
By Department
Years Ended 31 March
($000's)

Professional Services Expenditures by Department		
Department	**2003**	**2004**
Health and Community Services	143,029	191,047
Justice	44,020	44,200
Consolidated Fund Services	4,922	2,883
Works, Services and Transportation	1,921	1,825
Youth Services and Post Secondary Education	415	1,387
Municipal and Provincial Affairs	1,099	1,253
Forest Resources and Agrifoods	956	1,209
Industry, Trade and Rural Development	1,592	1,112
Executive Council	1,519	1,109
Education	931	860
Environment	953	750
Labour	476	567
Mines and Energy	687	445
Finance	164	325
Tourism, Culture and Recreation	443	308
Government Services and Lands	284	298
Fisheries and Aquaculture	122	193
Legislature	156	170
Public Service Commission	113	152
Labrador and Aboriginal Affairs	98	103
Human Resources and Employment	94	73
Accrual adjustment for acquisition of tangible capital assets	-	(2,178)
Total	**203,994**	**248,091**

Source: Government's Financial Information System

We also summarized the payments of professional services to show all entities or individuals who received payments in excess of $600,000 for the year ended 31 March 2004 with comparative figures for the year ended 31 March 2003. These entities or individuals are listed in Figure 10.

Figure 10

Professional Services Expenditures
Payments in Excess of $600,000
Years Ended 31 March
($000)'s

Entities or Individuals Which Received in Excess of $600,000		
Entity	**2003**	**2004**
Receiver General For Canada (e.g. RCMP Contract)	41,139	41,489
Medical Practice Associates	11,366	22,212
HSC Associated Radiologists	2,512	4,202
LeMarchant Medical	-	2,720
Nephrology Partnership	2,003	2,399
Pediatric Diagnostic Imaging	1,133	1,511
Carbonear General Hospital	879	1,199
Dr. Kevin N. Melvin	865	968
xwave	882	928
Radiology Group - St. Clare's	2,824	900
Burin Peninsula Health Care Center	923	872
Dr. Eng T. Tjon	526	746
AE Consultants Ltd.	297	743
Dr. Eric W. Stone	487	731
Dr. Michael Furey	502	720
Dr. Thomas E. Poole Professional	193	662
Dr. Kenneth J. Burrage	454	661
Dr. Yogamathan Wijayanayagam	500	635
Peninsula Health Care	1,369	629
Amec E & C Services Ltd.	833	621
Dr. Palinder Kamra	386	614
Newfoundland Design Associates Ltd.	1,059	-
Jacques Whitford	1,008	-
Western Health Care Corporation	769	-
Payments $600,000 and less to over 1,900 entities or individuals (2003 - over 1,700 entities or individuals)	131,085	161,929
Total	**203,994**	**248,091**

Source: Government's Financial Information System

Allowances and Assistance

Allowances and assistance expenditures include costs relating to such items as: allowances for Members of the House of Assembly, social assistance allowances paid to individuals, out of court settlements, and allowances paid on behalf of individuals to organizations. As indicated in Figure 1, payments for allowances and assistance totalled $370 million for the year ended 31 March 2004. Figure 11 shows, by department, payments made for allowances and assistance for the year ended 31 March 2004 with comparative figures for the year ended 31 March 2003.

Figure 11

Allowances and Assistance Expenditures
By Department
Years Ended 31 March
($000's)

Allowances and Assistance Expenditures by Department		
Department	**2003**	**2004**
Human Resources and Employment	217,258	221,172
Health and Community Services	101,323	112,343
Youth Services and Post Secondary Education	18,881	23,618
Legislature	5,327	5,479
Education	4,361	4,563
Justice	3,690	1,706
Municipal and Provincial Affairs	334	346
Finance	189	266
Works, Services and Transportation	53	77
Labour	62	59
Forest Resources and Agrifoods	19	14
Executive Council	20	12
Public Service Commission	41	-
Total	**351,558**	**369,655**

Source: Government's Financial Information System

We also summarized the payments of allowances and assistance to show all entities which received payments in excess of $500,000 for the year ended 31 March 2004 with comparative figures for the year ended 31 March 2003. These entities are listed in Figure 12.

Figure 12

Allowances and Assistance Expenditures
Payments in Excess of $500,000
Years Ended 31 March
($000's)

Payments in Excess of $500,000		
Entity	**2003**	**2004**
xwave	88,465	93,222
Health Care Corporation of St. John's	2,284	2,523
Minister of Finance (Ontario)	1,885	1,816
Medical Services Insurance	1,154	1,015
Association for New Canadians	479	949
The Salvation Army - Wiseman Centre	584	689
Bay St. George Community Employment Corporation	603	600
Minister of Finance for Alberta	663	572
Fewer Ambulance Service	490	554
Freaks Ambulance Service	473	510
Roebothan, McKay, Marshall (In Trust)	993	-
Memorial University of Newfoundland	704	-
Miscellaneous amounts $500,000 and less paid to over 2,700 entities or individuals (2003-over 2,500 entities or individuals)	252,781	267,205
Total	**351,558**	**369,655**

Source: Government's Financial Information System

Transportation and Communications

Transportation and communications expenditures include costs relating to such items as: postage, freight, ambulance and air services, telecommunication services and travel for ministers, government employees and others. As indicated in Figure 1, payments for transportation and communications totalled $38 million for the year ended 31 March 2004. Figure 13 shows, by department, payments made for transportation and communications for the year ended 31 March 2004 with comparative figures for the year ended 31 March 2003.

2.6 Monitoring Expenditures of the Consolidated Revenue Fund

Figure 13

Transportation and Communications
Expenditures By Department
Years Ended 31 March
($000's)

Transportation and Communications Expenditures by Department		
Department	**2003**	**2004**
Works, Services and Transportation	6,834	9,292
Forest Resources and Agrifoods	7,081	6,528
Justice	3,348	3,291
Tourism, Culture and Recreation	3,008	3,000
Education	2,282	2,391
Government Services and Lands	2,161	2,131
Human Resources and Employment	1,745	1,746
Executive Council	1,663	1,378
Health and Community Services	1,263	1,152
Industry, Trade and Rural Development	1,339	1,062
Mines and Energy	1,301	1,059
Fisheries and Aquaculture	908	861
Legislature	583	745
Youth Services and Post Secondary Education	782	731
Municipal and Provincial Affairs	946	699
Labour	527	697
Finance	493	516
Labrador and Aboriginal Affairs	618	491
Environment	602	460
Public Service Commission	84	112
Consolidated Fund Services	6	1
Accrual adjustment for acquisition of tangible capital assets	-	(821)
Total	**37,574**	**37,522**

Source: Government's Financial Information System

We also summarized the payments for transportation and communications to show all entities which received payments in excess of $100,000 for the year ended 31 March 2004 with comparative figures for the year ended 31 March 2003. These entities are listed in Figure 14.

Figure 14

Transportation and Communications
Expenditures
Payments in Excess of $100,000
Years Ended 31 March
($000's)

Entities Which Received in Excess of $100,000		
Entity	**2003**	**2004**
Universal Helicopters Nfld. Ltd	3,022	3,532
GT Group Telecom Services Corporation	3,131	3,213
Labrador Marine	-	2,447
Postage by Phone	2,270	2,235
Newfoundland Telephone Company (Contract)	1,399	1,665
Supermarine Aircraft	1,582	1,460
Canadian Helicopters Limited	1,219	1,372
Aliant Communications Inc.	1,034	1,053
Canada Post Corporation	885	923
Aliant Mobility Limited	1,135	755
Newfoundland Helicopters Ltd.	612	583
Provincial Airlines Limited	311	455
Harvey's Travel	628	389
Newfoundland and Labrador Air Transport Ltd.	179	215
Newfoundland and Labrador Hydro	198	199
City of St. John's	241	195
10663 Nfld Limited	832	187
Air Labrador	97	143
Mokami Travel Service Limited	143	135
Legrow's Travel	518	119
Tetra	299	-
Travel Management	170	-
Miscellaneous amounts $100,000 and less paid to over 7,000 entities or individuals (2003- over 7,400 entities or individuals)	17,669	16,247
Total	**37,574**	**37,522**

Source: Government's Financial Information System