

***ADMINISTRATIVE INVENTORIES:
IS THE METHODOLOGY SOUND?***

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ROYAL COMMISSION ON WORKERS' COMPENSATION
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EXECUTIVE SUMMARY

A. SEVEN ADMINISTRATIVE INVENTORIES HAVE REVIEWED THE WORKERS' COMPENSATION SYSTEM IN BC

In 1991 the new Chair of the WCB's Board of Governors launched a series of seven Administrative Inventories to:

- Create a **baseline** against which the future **performance** of the Governors and the new legislative structure can be assessed; and,
- Have an expert view of the Board based on credible and sound information ... (to) identify what are real **issues** requiring attention within the system and to assist in setting **priorities**.

The Administrative Inventory "Model" had been developed by the not-for-profit Workers Compensation Research Institute (WCRI) of Cambridge, Massachusetts and had been applied by them in five different American jurisdictions. In contrast to other performance reporting tools (such as program evaluation or operational audit), WCRI's Administrative Inventory Model has these distinguishing characteristics:

- It is not documented in the management literature nor by any professional group.
- Its primary purpose is to be descriptive, not evaluative nor prescriptive.
- It makes no policy recommendations nor does it assign priorities to the issues that it believes warrant the attention of the system's participants and decision-makers.
- It is not designed to address **how** an organization ought to go about making any needed changes.
- The resulting report is meant to be published and widely disseminated to all participants in the system, including legislators and injured workers.
- The workers' compensation agency does not pay for the review. This is because WCRI is funded by the insurance industry.

B. THE ROYAL COMMISSION NEEDS TO KNOW THE CREDIBILITY OF THE INVENTORIES

The seven Inventories have reviewed the core line functions of the workers' compensation system in BC, including the way that the system:

- prevents accidents
- assesses employers
- administers claims
- rehabilitates injured workers

- resolves disputes.

Given the wide scope of the Inventories and given that they were often conducted by acknowledged experts, the Inventories represent a potentially-valuable source of descriptive information, conclusions, opinions and recommendations about BC’s workers’ compensation system. However, before relying on the findings of those Inventories, it is first important to have confidence in the soundness of the Inventories’ methodologies, **especially** from the perspective of how the Royal Commission and its staff could possibly use the Inventories.

C. THE “SOUNDNESS” OF THE METHODOLOGIES VARIES

In order to assess the credibility of the Inventories, we tested the soundness of their methodologies against a generally-accepted set of standards or criteria for conducting such performance reviews. As seen in Exhibit One, these published standards cover such areas as:

- The independence, skills and background of the review team.
- The clarity and validity of the overall research design, including the variety of data sources and the steps taken to ensure the accuracy of the findings.
- The validity of any sampling that was done.
- The reliability of the evidence presented.
- The validity of the survey instruments and performance measures used in the review exercise.
- The validity and appropriateness of any underlying assumptions or criteria, either implicit or explicit.

As expected, we noted a great deal of variation between **and** within the various Inventories. This is probably due to the fact that:

- WCRI had not published any “generic” literature or manuals on the Administrative Inventory Model.
- WCRI itself did not conduct the reviews. Instead, other Canadian and American experts were contracted, only two of whom had conducted an Inventory before. The review teams therefore had to rely on previous WCRI reports to provide a methodology for their own work in BC.
- There was a lack of clarity concerning the Inventories’ purpose.
- There was no common definition of “performance.”
- At least 11 different authors participated on the seven different Inventories.
- The Administrative Inventory Model had never been applied to an Occupational Safety and Health (OSH) Program.

In general (and naturally with some exceptions), the Inventories had these methodological strengths:

- The members of the independent review teams had extensive and relevant program-related backgrounds in the core functions that they reviewed. Often they brought with them, and utilized, a detailed awareness of how other jurisdictions deliver compensation programs and with what results.
- The authors completed a variety of steps to ensure the completeness and accuracy of their description of the system and of the core functions being reviewed.
- The teams used various data sources to develop their observations and recommendations.
- The Inventories used a wide array of valid indicators to measure and report on activity levels.

In general (and naturally with some exceptions) the methodologies had several features which detract from the Commission’s ability to use the Inventories’ findings with complete confidence:

- There was a lack of clarity over the purpose and overall research design of the Inventories. For example, it was not clearly defined what aspects, dimensions or attributes of performance were to be examined and how such performance was to be measured and reported. As a result the Commission can not use the Inventories to gain complete answers to these questions:
 - ⇒ How well is the system and its various parts performing?
 - ⇒ Is that performance getting worse or better?
 - ⇒ How does that performance compare to other jurisdictions?
- None of the Inventories had the time nor the budget to survey a representative sample of individual claimants and employers, thus making it difficult to measure “client satisfaction” and to know with confidence which issues are important to this set of stakeholders.
- The Inventories make several sweeping conclusions and broad recommendations which can be cited by defenders and critics of the system. However, some such statements are not supported in the report by valid evidence. This weakens the credibility of the series of Inventories.

D. THE ROYAL COMMISSION SHOULD BE SELECTIVE IN ITS USE OF THE INVENTORIES

Our **first** conclusion is that the Inventories represent a valuable and credible source of **descriptive** information about the way the system is supposed to function in BC. Each core function is usually described in terms of its purpose, rationale, inputs, outputs, activity levels, and linkages to other parts of the system. (It should be noted however, that such descriptions need to be updated to reflect events that have happened since the Inventories were written).

Our **second** conclusion is that the Inventories’ observations, attention points and recommendations concerning **performance** fall into three categories:

- **Category One: Supportable Findings:** Some of the Inventories’ observations, plus their corresponding recommendations, are supportable, logical and flow from the evidence presented. The Commission could use these credible findings with confidence, while remembering that they are based on a report that could be several years old. (A complementary report from us identifies these supportable findings.)
- **Category Two: Non Supportable Findings and/or Non-Addressed Issues:** Other conclusions and recommendations are not supportable, either because valid evidence is not there or because proper methodology was lacking. In some cases, certain performance issues of interest to the Commissioners (e.g., appropriateness of the governance structure) were not addressed, sometimes because the Inventories were not designed to cover such issues in the first place.
- **Category Three: Contentious and (But Potentially Useful) Findings:** Some observations and recommendations fall into a gray world because they are based on the authors’ own personal philosophy and values as to what constitutes an effective OSH program, a well-performing Rehabilitation Centre, or an appropriate assessment policy. Many of the authors’ theories and beliefs can not be defended, nor criticized, based on objective, rigorous analysis. Instead they often represent the **opinions**, not the proven scientific theories, of acknowledged experts in their respective fields. Many of these theories challenge the status quo. They are usually contentious and are therefore **not** likely to be universally accepted by all stakeholder groups. However, just because the theories and the subsequent conclusions and recommendations are not “provable” does not mean they should be ignored. Indeed, they represent a valuable source of issues which ought to be examined and debated during the life of the Commission.

Our **third** conclusion is that some of the Inventories’ “high profile” statements should be viewed with caution. They have gained prominence because of the sweeping generalizations they make about some highly contentious issues. Here are some examples of the Inventories’ “high profile” findings about WCB performance:

- “British Columbia is among the very best systems in North America for both injured workers and their employers.”
- “The WCB in BC is an exemplary system, arguably the best in Canada.”
- “The Appeal Division has been well run; it may be the best in North America in terms of the timeliness of reasoned, written appellate decisions.”
- “The (assessment) system is fundamentally fair and equitable.”
- “The current WCB Experience Rated Assessment (ERA) Program does help to focus additional employer attention on safety and injury prevention, without unduly compromising the principle of collective liability.”
- There has been a “substantial turnaround” in employers’ views about the performance of the Assessment Department.
- “The comprehensive Rehabilitation Centre in Richmond is one of the jewels in the WCB crown.”

In a separate report to the Commission, (entitled “Administrative Inventories: What Did They Say?”) we have highlighted such high profile statements and examined their validity in light of the supporting evidence. We concluded that some statements are not supportable, some statements do indeed flow logically from the valid evidence that was presented, and some statements must be viewed in the right context.

EXHIBIT ONE
IS THE METHODOLOGY SOUND?

CRITERIA OR TESTS FOR A “SOUND” METHODOLOGY	IN GENERAL, DO THE INVENTORIES’ METHODOLOGIES MEET THE CRITERIA?			
	Yes	Partially	No	Don’t Know
1. Independence: Are the reviewers independent of the entity being reviewed?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Understanding of Purpose: Is there a mutual understanding of the scope and objectives of the review between the reviewers and those who authorised or requested the review?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Defined Attributes: If the review is intended to examine aspects of organizational or program performance, is there a clear articulation of what aspects or attributes will be examined?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4. Requisite Skills: Do the persons carrying out the review possess, or collectively possess, the knowledge and competence necessary to achieve the review’s objectives?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
5. Data Sources: Does the review include multiple, independent and complementary sources of data?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Explicit Criteria: Has the reviewer explicitly identified the criteria or standards as to what constitutes a “well-performing program or organization?”	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
7. Validity: Are the measures and criteria used in the review valid? Are they supportable, suitable, objective, useful, understandable and complete?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Objectivity and Consistency: Is the review conducted in an objective manner? Could another review team repeat the review and get the same findings?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Reliability: Are the measures used in the review reliable? Would two applications of the same measuring instrument in the same situation yield the same data?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. Credibility: Is the review credible? For example if samples are used, are the sampling methods justifiable? If interviews are conducted, is the methodology and instrument justifiable?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
11. Background: Does the report include a statement of the review’s objectives, scope and methodology?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. Description: Does the report include a thorough description of the function or organization that was reviewed?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13. Evidence: Are the report’s findings and conclusions fully supported by sufficient, competent and relevant evidence? Do they provide a reasonable basis to support the content of the report?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bottom Line: Can the Royal Commission have confidence in the Inventories’ observations, conclusions and recommendations?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Note: The above criteria for reviewing performance are described in greater detail in Appendix A. Such criteria are “generally accepted” in the sense that all or part of them are published by such agencies and professional bodies as the

EXHIBIT ONE
IS THE METHODOLOGY SOUND? (Cont'd)

provincial and federal Offices of the Auditor General, the United States General Accounting Office, the Canadian Institute of Chartered Accountants, and the Canadian Comprehensive Auditing Foundation.

CHAPTER ONE

WHAT IS AN ADMINISTRATIVE INVENTORY?

1.1 THE ROYAL COMMISSION NEEDS CREDIBLE ANSWERS TO SOME TOUGH QUESTIONS

The Royal Commission on Workers' Compensation in BC has been asked to examine a diverse array of complex, high profile, emotionally-charged issues over a short period of time. To complement and support their own research and fact-gathering activities, they are naturally interested in receiving **credible** information to help them answer these questions about the workers' compensation system in BC:

- **Description:** How does the system work? What are its core functions? Who does what? With what resources and with what results? What process is faced by an injured worker or a new employer?
- **Performance:** How well is BC's workers' compensation system performing? Is that performance getting worse or better over time? How does that performance compare to other jurisdictions? How significant are the gaps, if any?
- **Issues:** What are the critical governance, operational and policy issues that the Commission needs to address? (For example, why are MLA's being flooded with complaints from injured workers and their families? Are costs out of control? Does the use of economic incentives in setting employer assessments contribute to, or detract from, a safe workplace? How should the whole system be governed?)
- **Future:** What changes, if any, should be made to the system to improve its performance? Why? What mechanisms ought to be in place so that the system is self-correcting and accountable to its stakeholders?

1.2 THE ADMINISTRATIVE INVENTORIES REPRESENT A POSSIBLE SOURCE OF ANSWERS TO THOSE QUESTIONS

In 1991 the Chair of the newly-instituted Board of Governors for the WCB wished to have a thorough description of the organization which he and his Board colleagues were expected to govern. Even more importantly, and in his words, he also wanted a means of **reviewing** the Board's **performance** which would:

- create a **baseline** against which the future **performance** of the Governors and the new legislative structure can be assessed; and,
- have an expert view of the Board based on credible and sound information ... [to] identify what are real **issues** requiring attention within the system and to assist in setting **priorities**.¹

¹ These two goals are taken from the Chair's Preface to the first Administrative Inventory which was published in 1991. That first Inventory was meant to be the "model" for all subsequent Inventories of the WCB.

The Chair was informed about a “tool”, called an Administrative Inventory, which had been developed in 1987 by the not-for-profit Workers Compensation Research Institute (WCRI) of Cambridge, Massachusetts. At that time, WCRI had conducted Administrative Inventories in five different American states to answer the same set of core questions about each jurisdiction’s workers’ compensation system:

- How is the system administered?
- How do claims flow through the system?
- What dispute resolution procedures are used, and to what effect?
- What benefits are paid?
- How are vocational rehabilitation services utilized?
- How is the system financed?
- What are the actual costs of administration, benefits, claims processing and appeal?
- What aspects of the system deserve further attention?

WCRI had not published the “generic” approach, methodology, and research design of its Administrative Inventory “Model.” Instead, WCRI provided a brief summary of the Model and its associated research approach in each of the reports resulting from its work. By reading some of these reports and by interviewing some of the authors, we were able to gain a better picture of the overall Model. Exhibit 1.1 provides a brief summary of the compelling features of this Model that in our view distinguish it from other tools (e.g., program evaluation, operational audit) that can be used to review and report on the performance of a program or organization. (An Appendix to our report outlines these other tools for measuring performance.)

In 1991, the WCB Chair decided to apply the Administrative Inventory Model to the WCB. His intention was to have the same reviewers return four years later to conduct a follow-up study to assess the performance of the Governors and of the new legislative structure.

With that objective in mind, and at a direct, out-of-pocket cost of more than \$500,000, the Chair commissioned a series of Administrative Inventories. (Because of a number of factors, WCRI itself was unable to conduct the reviews. Instead, the Chair contracted with other Canadian and American organizations to perform the Administrative Inventories.) Exhibit 1.2 identifies the seven different Inventories that were completed for the WCB, pointing out which core functions were addressed; Exhibit 1.3 defines which organizational units were included in the reviews.

1.3 THE ROYAL COMMISSION NEEDS TO KNOW THE CREDIBILITY OF THE INVENTORIES

The Inventories have covered many key aspects of the workers’ compensation system in BC. They were often conducted by acknowledged experts in such issues. The reports therefore represent a potentially-valuable source of descriptive information, conclusions, opinions and recommendations about the BC workers’ compensation system. However, before relying on the findings of those Inventories, it is first important to have confidence in the soundness of the Inventories’ methodologies, **especially** from the perspective of how the Royal Commission and its staff could possibly use the Inventories.

1.4 WE FOLLOWED THE SAME PROCESS IN EVALUATING EACH METHODOLOGY

We examined the methodology used in each Administrative Inventory. Each such analysis involved four steps:

- We identified the purpose and goals of each Administrative Inventory. (This was critical because any methodology exists to serve a purpose, and that purpose must be made clear.)
- We read the authors' original proposal for the Inventory (if it existed), the resulting contract (if it existed), and the report itself to identify the methodology that was proposed and actually used.
- We evaluated the authors' methodologies against a generally-accepted set of criteria for conducting performance reviews (see Appendix A) and identified the strengths and weaknesses of the methodologies as compared to that set of standards. (We also interviewed four of the key authors to ensure our understanding of the methodology they had used and to discuss our views of the methodologies' strengths and weaknesses.)
- We developed our own general conclusions on the extent to which the Royal Commission should depend on, refer to, or use the results of the Inventory.

1.5 OUR REPORT SUMMARIZES THE SOUNDNESS OF THE VARIOUS METHODOLOGIES

The next Chapter of this report summarizes the key features of the methodologies that were used in the seven Inventories. That Chapter then highlights the strengths and weaknesses that were **generally** noticeable in the majority of such Inventories. Chapter Three describes the potential usefulness of the Inventories to the Royal Commission in light of the methodological strengths and weaknesses that we observed.

Appendix A presents the criteria we used to assess the Inventories' methodologies. Appendix B summarizes the key features of other models and tools often used in the public sector to measure and report on performance. Appendices C through H comment on the methodologies of the various **individual** Inventories.

1.6 OUR OTHER REPORTS ADDRESS OTHER ISSUES ABOUT THE ADMINISTRATIVE INVENTORIES

In a series of complementary and linked reports, we answer these additional questions about the Administrative Inventory Model and its application to BC:

- **What have the Inventories Covered?** To what extent have the seven different Inventories described and assessed the features, functions, and performance of the workers' compensation system in BC? What gaps, if any, need to be filled?
- **What did the Inventories Say?** What credible and supportable observations, conclusions and recommendations from the Inventories should be considered by the Royal Commission?

- **How did the WCB Respond?** What mechanisms were put in place at the WCB to respond to the Inventories' findings and recommendations? What happened as a result?
- **Is the Model Appropriate?** To what extent, if at all, does the Administrative Inventory Model represent a credible and useful tool for not only measuring and reporting on performance within the workers' compensation system, but also for inducing organizational change that leads to improved performance?

EXHIBIT 1.1

DISTINGUISHING FEATURES OF THE ADMINISTRATIVE INVENTORY MODEL

1. **Purpose:** To date, 20 Administrative Inventories have been completed in the United States by the Workers Compensation Research Institute (WCRI). According to WCRI, the purpose of this series of reports is to provide a thorough **description** of the workers' compensation system in a particular jurisdiction so that **all** participants (employers, injured workers, agency managers, legislators, etc.):
 - Have a better understanding of the key features of their own system.
 - Can make informed comparisons between their system and others.
 - Can undertake informed policy discussions.
2. **Descriptive Not Prescriptive Nor Evaluative:** The focus of the Model is on describing the system, **not** evaluating nor passing judgement on its performance. It is supposed to be descriptive, not evaluative. Neither is it prescriptive; the model uses "random" Attention Points rather than prioritised recommendations, preferring the participants to determine what ought to be done, how and when, to address the various Attention Points.
3. **Core Issues, Common Outline:** Each Administrative Inventory report is supposed to follow a common outline and address the same basic issues that are common to any workers' compensation system.
4. **Program Experts:** The Inventories are supposed to be conducted by experts in the various program aspects of workers compensation (e.g., people with expertise in vocational rehabilitation, OSH, and assessments, as opposed to having skills in organizational design, information technology, human resource management, etc.)
5. **No Large Surveys:** The Inventories involve interviews with staff and with representatives of workers and employers. However, the Model does not call for the use of large-scale surveys of representative samples of claimants, rehabilitating workers and employers.
6. **Peer Review:** The reports are supposed to be circulated to other experts before they are released.
7. **Comparisons:** Comparisons to other jurisdictions are supposed to be made to highlight the distinguishing features or policies applicable to the system being reviewed.
8. **Published and Disseminated:** The reports are published as bound, soft cover books and are widely disseminated to key stakeholders as well as to other jurisdictions. The intent is to make them a public document to stimulate informed discussion.
9. **Funding:** The agency being reviewed by the Inventory team does **not** pay for the exercise. Instead, WCRI proposes to do the Inventory, asking only that the agency supply needed data and make its staff available. (WCRI can do this because it is funded by insurance carriers.)
10. **Documentation of Methodology:** There are no manuals or literature to describe the standards, criteria, interview guides, sampling procedures, and analyses to be used as the core methodology when conducting an Administrative Inventory.
11. **Role in Change Management:** The Inventories are **not** supposed to be an integral part of the change management process. Instead their role appears to be one of identifying issues for which change might be considered, after informed discussion by all parties.

EXHIBIT 1.2

AN OVERVIEW OF THE WCB'S ADMINISTRATIVE INVENTORIES: CORE FUNCTIONS COVERED

INVENTORY	AUTHORS	DATE OF PUBLICATION	WHICH CORE FUNCTIONS WERE REVIEWED?						COST TO WCB
			PREVENT ACCIDENTS	ASSESS EMPLOYERS	ADMIN-ISTER CLAIMS	REHABILITATE INJURED WORKERS	RESOLVE DISPUTES	OVERALL SYSTEM	
1) Workers' Compensation in British Columbia: An Administrative Inventory at a time of Transition	Drs. H. Allan Hunt, Peter S. Barth, Michael J. Leahy	November 1991			<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	\$62,575 (US) plus expenses
2) Occupational Safety and Health in British Columbia: An Administrative Inventory	Drs. Kathleen M. Rest and Nicholas A. Ashford	October 1992	<input checked="" type="checkbox"/>				<input checked="" type="checkbox"/>		\$77,000 (US) plus expenses
3) Workers' Compensation Board of British Columbia: Assessment Department Administrative Inventory	Dr. H. Allan Hunt	November 1992		<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>		Unknown
4) Medical Review Panel Report and Highlights of the Medical Review Panel Report	Dr. Leonard Jenkins	August 1992					<input checked="" type="checkbox"/>		Unknown
5) Medical and Rehabilitation Programs in Workers' Compensation: An Administrative Inventory in British Columbia	Drs. Jane Fulton and John Atkinson	May 1993				<input checked="" type="checkbox"/>			\$129,800 plus expenses
6) The Workers' Compensation System of British Columbia: Still in Transition	Drs. H. Allan Hunt, Peter S. Barth, and Michael J. Leahy	March 1996		<input checked="" type="checkbox"/>	\$100,000 (US) plus expenses				
7) Occupational Health and Safety in British Columbia: An Administrative Inventory of the Prevention Activities of the Workers' Compensation Board	Drs. Kathleen M. Rest and Nicholas A. Ashford,	February 1997	<input checked="" type="checkbox"/>				<input checked="" type="checkbox"/>		\$120,000 (US) plus expenses

EXHIBIT 1.3

AN OVERVIEW OF WCB'S ADMINISTRATIVE INVENTORIES: ORGANIZATIONAL UNITS COVERED

INVENTORY AND DATE	WHICH CORE UNITS WERE INCLUDED?											
	WCB: GOV. OR PANEL	WCB: APPEAL DIV.	WCB: COMP. DIV.	WCB: VOC'L REHAB. DEPT.	WCB: MEDICAL SERVICES DEPT.	WCB: PREV. DIV.	WCB: REHAB. CENTRE	WCB: ASSESS. DEPT.	WCB: MRP	WCB: REGN. REVIEW	WORKERS & EMPL. ADVISORS	WCRB
1) Workers' Compensation in British Columbia: An Administrative Inventory at a time of Transition 1991	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
2) Occupational Safety and Health in British Columbia: An Administrative Inventory 1992		<input checked="" type="checkbox"/>				<input checked="" type="checkbox"/>						
3) Workers' Compensation Board of British Columbia: Assessment Department Administrative Inventory 1992		<input checked="" type="checkbox"/>						<input checked="" type="checkbox"/>				<input checked="" type="checkbox"/>
4) Medical Review Panel Report and Highlights of the Medical Review Panel Report 1992									<input checked="" type="checkbox"/>			
5) Medical and Rehabilitation Programs in Workers' Compensation: An Administrative Inventory in British Columbia 1993					<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>					
6) The Workers' Compensation System of British Columbia: Still in Transition 1996	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>					
7) Occupational Health and Safety in British Columbia: An Administrative Inventory of the Prevention Activities of the Workers' Compensation Board 1997	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>				<input checked="" type="checkbox"/>				<input checked="" type="checkbox"/>		

CHAPTER TWO ***IS THE METHODOLOGY SOUND?***

2.1 EACH METHODOLOGY HAD FOUR BASIC ELEMENTS

As we stated earlier, we were told that there is no manual, textbook or published literature from WCRI which describes the overall purpose, research design, standard criteria, interview guides, etc. for conducting an Administrative Inventory. (This is in contrast to other management tools, such as program evaluations or operational audits, which are used to review and report on performance. Most of these other tools are extensively documented in management literature as well as taught by universities and professional groups.) Instead, we were told that a description of the Administrative Inventories' methodology can be gained by reading each Inventory report.

We examined the seven Administrative Inventories' conducted in BC and observed that each one followed the same four-phase process. That is, according to the authors of the Inventories, they typically completed four tasks:

- **Reviewed Documents:** The authors examined relevant legislation as well as an array of regulations, policies and directives that dealt with OSH, assessments, vocational rehabilitation, etc. In some cases, the authors also reviewed prior commentary on the WCB. (For example, the authors of the OSH Inventory examined six published reports, dating back to 1966, that provided comment on the WCB's OSH activities. They also reviewed the responses of prior WCB Chairs to those reports.)
- **Collected and Analyzed Data:** The reviewers usually collected and analyzed historical data on the activity levels, budget and staffing of the units that they had been asked to examine. In many instances the data had been published in WCB Annual Reports or had been used in WCB's internal reports.
- **Interviewed Stakeholders:** The authors invested significant time in interviewing members of various stakeholder groups. For example, the 1992 OSH Inventory was based on interviews with 139 WCB staff (including 117 of the 353 employees from the OSH Division), 21 representatives from the BC labour community, 27 representatives of the employer community, and 18 other stakeholder representative (e.g., from the BC Ministry of Labour). The reports are quiet on how such interviewees were selected.
- **Reconciled Facts and Conclusions:** The authors checked their data, descriptions, observations and interpretations with some of those whom they had interviewed. For example, in the 1992 Inventory of the assessment function, a set of 45 individuals was asked to review the factual accuracy of the report.

2.2 IT IS DIFFICULT TO GENERALIZE ABOUT THE METHODOLOGIES' SOUNDNESS

In Appendix A we describe the standards or criteria we used to test the soundness of the Inventories' methodologies. It is very difficult to make overall conclusions about the set of Inventories because:

- There were seven different Inventories; each one had its own distinctive approach and its own strengths and weaknesses.

- Up to five different experts may have conducted a specific Inventory. As a result, the soundness of the methodology varies not only from Inventory to Inventory, but within a given Inventory as well.
- In fairness to the eleven different Inventory authors, nine of whom had never conducted an Administrative Inventory, it must again be pointed out that there was no overall, generic methodology for them to follow. As a result, variances are expected and did indeed occur. In addition, the Administrative Inventory Model had never been applied to a workers compensation agency, as in BC, which included accident prevention in its mandate. As a result, the authors of the OSH Inventories had to develop their own methodology.

In spite of the above difficulties in making general statements about the overall soundness of the methodologies, we attempt below to highlight the key themes that ran through most of the methodologies. Exhibit 2.1 provides a “report card” on the extent to which the methodologies, in general, meet “generally-accepted” criteria for exercises which are intended to measure and report on performance.

2.3 THE METHODOLOGIES HAD SOME NOTEWORTHY STRENGTHS

As is seen in Exhibit 2.1, several positive features were evident in nearly all of the seven different Inventories:

- **Independence:** Based on their resumes, the review teams appear to be independent of the function or unit being reviewed. (The only exception here was the review of the Medical Review Panel process.) The authors were mostly from outside the province, appeared to have no axe to grind, and thus helped to ensure the objectivity of the results.
- **Relevant Skills:** The authors’ resumes and/or biographical sketches indicate most of them had extensive backgrounds in the functions being examined. (We did not probe the accuracy of such resumes nor do we know if they had relevant skills in such critical and relevant non-program areas as information technology, human resource management, governance, etc.) Often they brought with them, and utilized, a detailed awareness of how other jurisdictions deliver compensation programs and with what results.
- **Various Data Sources:** The review teams usually obtained data and views from a wide array of documents, WCB staff and stakeholders. For example, the author of the 1992 Assessment Inventory conducted a useful and informative literature review of one of the WCB’s most contentious policies, the use of economic incentives in setting assessment rates.
- **Relevant and Valid Activity and Input Measures:** Most of the Inventories use several indicators to measure the various Departments’ inputs and activity levels. For example, the Inventories of the assessment function included historical data on unit costs, audit activity and collection results.
- **Useful Descriptions:** The authors undertook a variety of steps to ensure the completeness and accuracy of their description of the system and of its various components. (We did not “audit” their descriptions and data tables to test the accuracy.) For example, we agree with the original Chair that the Inventories make the complexity of employer assessments understandable. In a similar fashion, the Inventories provide useful descriptions of:

- ⇒ the range of benefits available to injured workers, including some comparisons to other jurisdictions.
- ⇒ the significant and sustained pattern of increasing expenditures in the rehabilitation function
- ⇒ the role of other players (besides the WCB) in the overall system
- ⇒ the historical and recent changes in the WCB's governance structure, and in the organizational structure of the vocational rehabilitation function.

2.4 SOME FEATURES DETRACT FROM THE INVENTORIES' CREDIBILITY AND USEFULNESS

As is seen in Exhibit 2.1, the methodologies also had certain characteristics that detract from the usefulness of the Inventories to the Commission:

Unclear Objectives for the Inventories

As was seen in Chapter One, the Chair wanted (and the contracts usually called for) a “yardstick”, an assessment of the WCB's **performance** so that progress could be measured, comparisons made and priorities established. However, when the authors present their understanding of the Inventories' objectives, they usually and generally perceive it to be descriptive, **not** evaluative nor prescriptive. (This is in keeping with the basic purpose of the Administrative Inventory Model, as was shown in Exhibit 1.1). Exhibit 2.2 demonstrates this lack of clarity by describing the perceived purpose of the OSH Inventories from three different perspectives: client, contract and contractor.

We therefore observed a lack of clarity and understanding over what the Inventories were supposed to do. For example:

- Were the Inventories to merely **describe** how the WCB functions, or were they to **evaluate** how well that organization performs, especially in comparison to other jurisdictions?
- In making such comparisons, which jurisdictions would be used?
- Was performance to be assessed in terms of **inputs and activity levels** (e.g., number of staff, number of inspections) or was it to be assessed according to the program's actual **efficiency** levels and **outcomes?** (e.g., trends in accident rates, impacts of activities, productivity of staff, etc.)
- What is a **baseline?** Is it merely a description or is it a measurable ratio, output or outcome for which comparisons can be made over time and between jurisdictions?

Lack of Clarity over “Performance”

The Chair, the contracts, and the authors all agreed on the need to measure performance. But there was no definition as to what aspects, dimensions, or attributes of performance were to be measured and reported. As a result it was left up to the individual review teams to define what is meant by performance and how it could be measured.

For example, the 1992 Inventory on the OSH Program focused on such performance issues as the relevance of the Program's objectives, the appropriateness of the Program's regulations and strategies, and the quality of the working environment for Program staff; it had virtually no information on the Program's performance in achieving its intended results. In contrast, other Inventories concentrated on a function's performance in terms of its organizational structure and the level of resources allocated to that function, but had no comments or observations on the function's productivity or the quality of its working environment.

Lack of Input from Key Sources

None of the Inventories had the time nor the budget to survey a representative sample of individual claimants and employers. We agree with one set of authors that this is a serious shortcoming, especially when "client satisfaction" is such a critical measure of performance in a high profile, public organization. (Here again, the Administrative Inventory Model does not call for such a survey of the system's clients.)

Because such a small sample of workers and employers were actually interviewed (e.g., the 1993 Inventory of the Rehabilitation Centre involved interviews with three injured workers) it is difficult to accept the Inventories' extrapolation from such small samples to the universe of workers and employers.

Use of Implicit and Possibly-Contentious Criteria and Theories

The Inventories do not explicitly state the criteria used to assess the design and performance of the functions they are reviewing. (The only exception is the 1997 Inventory of the Protection function which identifies the authors' own criteria for developing regulations.) Where such criteria are used, they are usually woven into the report and in several cases are not necessarily supportable nor widely accepted. Exhibit 2.3 contains examples of the possibly-contentious criteria that were used as a basis for the OSH Inventories' observations and recommendations.

Concerns Over Reliability and Credibility

If one of the purposes of the set of Inventories was to measure progress and to evaluate the impact of the new governance and legislative structure, then one would expect to see an overall "pre and post" research design to respond to such objectives. However, in reading the Inventories, we had no sense that such a research design was in place. This weakens the reliability and credibility of the Inventories since it would be difficult, if not impossible for a different research team to replicate the exercise and reach the same conclusions.

Lack of Supporting Evidence and Valid Comparisons

The Inventories often make sweeping conclusions and broad recommendations that are not always fully supported in the report by sufficient, competent and relevant evidence. Here are some examples:

- "British Columbia is among the very best systems in North America for both injured workers and their employers." (1996)
- "The WCB in BC is an exemplary system, arguably the best in Canada." (1997)
- "The Appeal Division ... has been run efficiently and effectively. Its decisions are timely and well-reasoned, ... (it has) excellent performance." (1997)
- "The (assessment) system is fundamentally fair and equitable." (1992)

- “The current WCB Experience Rated Assessment (ERA) Program does help to focus additional employer attention on safety and injury prevention, without unduly compromising the principle of collective liability.” (1992)
- There has been a “substantial turnaround” in employers’ views about the performance of the Assessment Department. (1996)
- “The WCB of 1995 is vastly more open and responsive than it was four years ago.” (1996)
- “Rehabilitation performance figures seem only average even though WCB health care costs in BC have exploded in recent years.” (1996)
- “The comprehensive Rehabilitation Centre in Richmond is one of the jewels in the WCB crown.” (1996)

This is not to say that such statements are wrong. Indeed, the authors may have access to evidence to support their conclusions, especially when comparisons are being made to other jurisdictions. However, such complete evidence is not in the report.

Lack of Precision

Given that the various review teams interviewed hundreds of WCB staff, there is a surprising lack of precision in reporting the results of those interviews. For example, the authors report that “some” staff are highly suspicious of “some” managers, while “several” staff had a specific suggestion or gripe. Thus, the reader has little sense as to whether there was widespread internal concern about the working environment, or whether there are only a few isolated problems and disgruntled employees.

In addition, there were no standard questions asked of the staff. That makes it especially difficult to gain baseline information on the WCB’s working environment. In addition, the use of group interviews in an environment supposedly characterized by mistrust and poor morale raises questions about the reliability and validity of staff’s comments. As a result, future progress in this area would be almost impossible to measure. (This same lack of precision is also evident in reporting the results of interviews with employer and labour representatives.)

Lack of a “Change Strategy”

The WCB Chair expected the Inventories to be the impetus for positive change and to help chart future initiatives for improving WCB performance. It is therefore surprising that the Inventories provide little sense of what issues and recommendations should receive the highest priority, nor how the WCB should go about making any needed transformation and at what cost. (It should be noted that the contract Terms of Reference for the Inventory did **not** call for the authors to provide such an Action Plan. Indeed, a methodological feature of the Administrative Inventory Model is to **not** rank the report’s conclusions and Attention Points.)

EXHIBIT 2.1
IS THE METHODOLOGY SOUND?

CRITERIA OR TESTS FOR A “SOUND” METHODOLOGY	IN GENERAL, DO THE INVENTORIES’ METHODOLOGIES MEET THE CRITERIA?			
	Yes	Partially	No	Don’t Know
1. Independence: Are the reviewers independent of the entity being reviewed?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Understanding of Purpose: Is there a mutual understanding of the scope and objectives of the review between the reviewers and those who authorised or requested the review?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Defined Attributes: If the review is intended to examine aspects of organizational or program performance, is there a clear articulation of what aspects or attributes will be examined?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4. Requisite Skills: Do the persons carrying out the review possess, or collectively possess, the knowledge and competence necessary to achieve the review’s objectives?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
5. Data Sources: Does the review include multiple, independent and complementary sources of data?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Explicit Criteria: Has the reviewer explicitly identified the criteria or standards as to what constitutes a “well-performing program or organization?”	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
7. Validity: Are the measures and criteria used in the review valid? Are they supportable, suitable, objective, useful, understandable and complete?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Objectivity and Consistency: Is the review conducted in an objective manner? Could another review team repeat the review and get the same findings?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Reliability: Are the measures used in the review reliable? Would two applications of the same measuring instrument in the same situation yield the same data?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. Credibility: Is the review credible? For example if samples are used, are the sampling methods justifiable? If interviews are conducted, is the methodology and instrument justifiable?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
11. Background: Does the report include a statement of the review’s objectives, scope and methodology?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. Description: Does the report include a thorough description of the function or organization that was reviewed?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13. Evidence: Are the report’s findings and conclusions fully supported by sufficient, competent and relevant evidence? Do they provide a reasonable basis to support the content of the report?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bottom Line: Can the Royal Commission have confidence in the Inventories’ observations, conclusions and recommendations?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Note: The above criteria for reviewing performance are described in greater detail in Appendix A. Such criteria are “generally accepted” in the sense that all or part of them are published by such agencies and professional bodies as the provincial and federal Offices of the Auditor General, the United States General Accounting Office, the Canadian Institute of Chartered Accountants, and the Canadian Comprehensive Auditing Foundation.

EXHIBIT 2.2

PURPOSE OF THE OSH INVENTORIES: THREE PERSPECTIVES

First Perspective: The Client

In 1991 the Chair of the WCB launched a series of Administrative Inventories. According to the Chair's Preface to the **first** such Inventory (which was to be used as a model for subsequent Inventories), the **overall** process had two purposes (our emphasis):

- create a **baseline** against which the future **performance** of the Governors and the new legislative structure can be assessed; and,
- have an expert view of the Board based on credible and sound information ... [to] identify what are real **issues** requiring attention within the system and to assist in setting **priorities**.

Second Perspective: The Contract

As part of that overall review process, the WCB contracted with the Massachusetts-based firm of Ashford Associates in 1991 to conduct an Administrative Inventory of the WCB's OSH program. The contract for the Inventory called for the contractor to:

- Provide an objective **description** of the current status of the OSH Division.
- Provide a **baseline** against which future progress can be measured.
- Identify **challenges** and suggest **attention points** for reducing the burden of occupational disease and injury in BC over the next decade.
- Propose a set of **measurable objectives** which the Division could use to assess its **effectiveness** over time.

In 1994 the same authors were contracted to conduct a follow-up Inventory which would take place primarily in 1995/96. The contract stated that the report was to be "part of the Administrative Inventory series commissioned by the Governors to provide a baseline of performance for the system." Some of the specific objectives for this follow-up Inventory were to:

- Update and maintain a systematic and accessible description of the Prevention Programs in British Columbia.
- Provide a fair and authoritative assessment of the programs in BC in both a comparative and absolute sense.
- Facilitate the comparison (by the WCB or others) with other jurisdictions by including standardized and widely accepted measures for outcomes and comparing standards for the BC Board with other inspection jurisdictions both in Canada and the US.
- Provide an updated baseline against which the future performance of the Workers' Compensation System may be measured.
- Provide a description of the impact of the Board of Governors' structure and policy initiatives on the Prevention Programs that may have occurred since the original study.

EXHIBIT 2.2
PURPOSE OF THE OSH INVENTORIES: THREE PERSPECTIVES (Cont'd)

Third Perspective: The Authors

There is a third perspective. In their first Inventory report the authors acknowledge that the Chair of the WCB wanted “to provide constituents with a clear **description** of the organization’s activities and to establish a **baseline** against which future progress could be measured.” However, the authors viewed their report primarily as a tool for describing (versus assessing or measuring) “how the existing occupational safety and health system functions while addressing core issues and stakeholder concerns.”

In their follow-up Inventory, the authors again viewed their report primarily as a descriptive tool, stating that “The objective of this study was to fully describe, with supporting evidence, how the Workers’ Compensation Board conducts its prevention and occupational health and safety function.” Although the authors again acknowledged the Chair’s wish to use the Administrative Inventories to assess performance and measure progress, they state that:

- It was beyond the scope of this Inventory to suggest a performance measurement system for the Prevention Division.
- The study does not seek to compare the Prevention Division of 1996 with the OSH Division of 1992. Rather it takes a fresh look at how and how well the WCB undertakes its prevention function at this point in time.

EXHIBIT 2.3
EXAMPLES OF THE AUTHORS' POSSIBLY-CONTENTIOUS THEORIES AND CRITERIA
CONCERNING OSH REGULATIONS

1. **Broad Purpose:** Industrial development should be guided by OSH policies and regulations that co-optimize economic growth, environmental protection and worker health and safety. Workplace health and safety issues should be linked with the broad issues of environmental protection and plant safety.
2. **Internal Responsibility for Health and Safety:** Because no regulatory system can ever have the resources required to police the workplace 24 hours a day, the concept of **internal** responsibility for health and safety should drive many policy decisions. This should include:
 - a broad role for health and safety committees
 - rewards for employers with excellent programs, committees and accident experience
 - the expansion of workers' rights to refuse hazardous work to a collective right
 - the provision of grants-in-aid for developing the institutional OSH capacity of firms, trade associations, and unions.
3. **Health and Safety Programs:** For the concept of internal responsibility to really work, OSH policies and regulations should ensure that workplace-based health and safety programs, including joint health and safety committees, are operational and effective. This means that regulations concerning such programs should be in place and regulations should address the requirements for experience, training, information, resources, respect, support, and authority.
4. **Thorough Coverage:** OSH policies and regulations should be wide-ranging and should cover all issues which affect workplace health and safety. This includes:
 - the organization of work
 - the involvement of labour in the production process
 - the establishment of action levels that require employers to conduct environmental sampling and/or biological monitoring as well as to notify and train exposed workers.
5. **Induce Technological Change:** Governmental intervention, via OSH policies and regulations, should attempt to force and encourage technological changes using "technology-forcing" regulations. That intervention should induce a fundamental rethinking and redesign of the technology of production. It should involve significant input from ergonomics and engineering.
6. **Economic Incentives:** OSH policies and regulations should include strong economic incentives which should be used to supplement, but not replace, enforcement activities.
7. **Recourse to Courts:** To prevent years of costly and acrimonious judicial proceedings, OSH regulations should not be appealable in the courts.

Note: Such theories and criteria are not usually stated explicitly in the report. Instead, they are often "woven" into the report's observations and recommendations.

CHAPTER THREE

HOW COULD THE ROYAL COMMISSION USE THE INVENTORIES?

In light of the strengths and weaknesses of the Inventories' methodology, it is important to examine the extent to which the Royal Commission and its staff could use the Inventories. We have three broad conclusions.

3.1 THE INVENTORIES ARE A VALID AND CREDIBLE SOURCE OF USEFUL DESCRIPTIONS

Our **first** conclusion is that the Inventories, in general, represent a valuable and credible source of **descriptive** information about the way the system functions in BC. Each core function is usually described in terms of its purpose, rationale, inputs, outputs, activity levels, and linkages to other parts of the system. (It should be noted however, that such descriptions need to be updated to reflect events that have happened since the Inventories were written).

In a separate report entitled "Administrative Inventories: What Have They Covered?", we provide further details on what the Inventories have (and have not) described.

3.2 THE INVENTORIES' PERFORMANCE-RELATED OBSERVATIONS AND RECOMMENDATIONS FALL INTO THREE CATEGORIES

As was seen in Chapter Two, we observed that the "soundness" of the Inventories' methodology varied from Inventory to Inventory. And within a given Inventory, some performance issues were addressed in a credible manner while the treatment of other issues within that **same** Inventory raise concerns about the validity of the resulting observations and recommendations.

As a result of that inconsistency, our **second** conclusion is that the Inventories' observations, attention points and recommendations concerning **performance** can be categorized as follows:

Category One: Supportable Findings About Performance

Some observations, plus their corresponding attention points and recommendations, are supportable and logical. The Commission could use these credible findings with confidence, while remembering that they are based on a report that could be several years old.

Category Two: Non Supportable Findings and/or Non-Addressed Performance Issues

Other conclusions and recommendations are not supportable, either because valid evidence is not there or because proper methodology was lacking. In some cases, certain performance issues of interest to the Commissioners (e.g., governance) were not addressed, sometimes because the Inventories were not designed to cover such issues in the first place.

For example, based on the methodology that was used, and based on the scope of the 1996 Inventory, we believe that the Royal Commission could not rely on that Inventory to answer these questions about the performance of the assessment function:

- Is the WCB's Assessment Department achieving its intended results? Is the assessment system orderly and equitable? Is the performance getting worse or better? How does it compare to other jurisdictions?
- Are the function's clients (primarily employers) becoming more or less satisfied with the Department?
- Are the Department's administrative costs and productivity levels reasonable? Is that performance getting worse or better? How does it compare?
- Does the Department have a positive working environment? Is it getting worse or better?

Similarly, the recommendations concerning the above performance issues may be interesting, but do not always flow from supportable observations and should therefore be considered in that light.

Category Three: Contentious and Debatable Findings

Other observations and recommendations fall into a gray world because they are based on the authors' own personal philosophy and values as to what constitutes an effective OSH program, a well-performing Rehabilitation Centre, or an effective assessment function. Many of the authors' theories and beliefs can not be defended, nor criticized, based on objective, rigorous analysis. Instead they often represent the **opinions**, not the proven scientific theories, of acknowledged experts in their respective fields.

Many of these theories challenge the status quo. They are probably contentious and are therefore **not** likely to be universally accepted by all stakeholder groups. However, just because the theories and the subsequent conclusions and recommendations are not "provable" does not mean they should be ignored. Indeed, they represent a valuable source of issues which ought to be examined and debated during the life of the Commission.

For example, the 1992 and 1997 Inventories on accident prevention and OSH had a large number of possibly-contentious recommendations dealing with many different aspects of that program. Although those findings are not necessarily supported by solid evidence, we believe the Commission ought to pay close but careful attention to what the authors have to say concerning such high profile policy issues as:

- The scope and content of WCB's OSH regulations and the process that ought to be used to design such regulations.
- The broad strategies to be used by the WCB in preventing accidents and generating compliance.
- The set of activities that ought to be in place to achieve WCB's prevention-oriented objectives.
- The role of workers in the OSH appeals mechanism.

3.3 CERTAIN “HIGH PROFILE” STATEMENTS SHOULD BE VIEWED WITH CAUTION

Certain statements in the Inventories have gained prominence because of the sweeping generalizations they make about some highly contentious issues. Our **third** conclusion is that such statements should be viewed and used with caution. Here are some examples of the Inventories’ “high profile” conclusions about WCB performance:

- “British Columbia is among the very best systems in North America for both injured workers and their employers.” (1996)
- “The WCB in BC is an exemplary system, arguably the best in Canada.” (1997)
- “The Appeal Division has been well run; it may be the best in North America in terms of the timeliness of reasoned, written appellate decisions.” (1996)
- “The Appeal Division ... has been run efficiently and effectively. Its decisions are timely and well-reasoned, ... (it has) excellent performance.” (1997)
- “The (assessment) system is fundamentally fair and equitable.” (1992)
- “The current WCB Experience Rated Assessment (ERA) Program does help to focus additional employer attention on safety and injury prevention, without unduly compromising the principle of collective liability.” (1992)
- There has been a “substantial turnaround” in employers’ views about the performance of the Assessment Department. (1996)
- “The WCB of 1995 is vastly more open and responsive than it was four years ago.” (1996)
- “Rehabilitation performance figures seem only average even though WCB health care costs in BC have exploded in recent years.” (1996)
- “The comprehensive Rehabilitation Centre in Richmond is one of the jewels in the WCB crown.” (1996)

In a separate report to the Commission, (entitled “Administrative Inventories: What Did They Say?”) we have highlighted such high profile statements and examined their validity in light of the supporting evidence. We concluded that some statements are not supportable, some statements do indeed flow logically from the valid evidence that was presented, and some statements must be viewed in the right context.

APPENDIX A

***CRITERIA FOR ASSESSING THE METHODOLOGY
USED IN THE WCB'S ADMINISTRATIVE INVENTORIES***

APPENDIX A

CRITERIA FOR ASSESSING THE METHODOLOGY USED IN THE WCB'S ADMINISTRATIVE INVENTORIES

A1. WHAT IS THE PURPOSE OF THE INVENTORIES' METHODOLOGY?

Administrative Inventories appear to be unique to reviewing/assessing/ evaluating workers' compensation systems. The language used by Jim Dorsey in the Prefaces of the 1991 and the 1992 Inventories suggests that the Inventories are intended to be a means of **reviewing** the Board's **performance**. For example, in the 1991 Preface to the first Inventory, he characterizes the purposes of the review processes as twofold:

- create a baseline against which the future performance of the Governors and the new legislative structure can be assessed; and,
- have an expert view of the Board based on credible and sound information ... [to] identify what are real issues requiring attention within the system and to assist in setting priorities.

But the review teams do not characterize their work as performance reviews. Instead, they usually refer to their work as a **description** of the system, a description that is intended to be comparable to Inventories done in other North American jurisdictions. (Note: Our review of the actual contracts between WCB and the various authors indicates that the Inventories were indeed meant to examine performance, not merely describe the system.)

A2. WHAT APPROPRIATE SOURCES SHOULD BE USED IN GENERATING CRITERIA FOR EVALUATING THE INVENTORIES' METHODOLOGIES?

Putting together criteria for assessing the Administrative Inventories that have been conducted between 1991 and 1997 is somewhat problematical. Not only do the client and the reviewers use different language to describe what the Inventories are, the format and structure are unlike that of either program evaluations or value-for-money audits, two other models commonly used in Canada for examining and reporting on performance in the public sector.

Criteria that have been developed to guide evaluations or audits could be said to be inappropriate for Administrative Inventories. For example, in the Assessment Department Inventory (Hunt, 1992) the author points out that his Inventory is **not** an internal audit. Even though that Inventory does discuss performance in Chapter Three (objectives of the Assessment Department are cited) the main form of evidence presented is the perceptions of the persons he interviewed – they were apparently queried about the extent to which the Department was meeting its objectives.

It is therefore conceivable that the authors of the Inventories will object to our using criteria that are intended primarily for audits and evaluations. On the other hand, the Inventories **are** a type of applied research which is clearly intended to provide the clients and other stakeholders with descriptive information that is factually correct, and to offer interpretations and judgments based on that information. The accuracy and completeness of the evidence offered, and the relevance of the conclusions, recommendations, and "attention points" included in the reports, are among the issues that can be addressed in assessment criteria which are appropriate for the purposes at hand.

Such criteria can be found in existing standards and guidelines from central agencies and professional bodies in Canada and the United States. For example, in 1988 the Canadian Institute of Chartered Accountants published a set of standards for examining and reporting on such performance matters as:

- the adequacy of an organization's management systems, controls and practices;
- the extent to which the organization's resources have been managed with due regard to economy and efficiency; and,
- the extent to which programs, operations or activities of an entity have been effective.

These are exactly the types of performance issues which the Administrative Inventories attempted (or were asked) to address! We therefore believe that it is appropriate to apply such generally-accepted criteria or standards to any exercise, no matter how it is labeled, which purports to examine and report on issues of performance.

A3. WHAT GENERALLY-ACCEPTED CRITERIA DO WE PROPOSE TO USE?

The attached criteria reflect methodological and procedural standards and guidelines articulated and published by different professional bodies and organizations in Canada and the United States. There are common themes across the documents reviewed for this project, and they can be organized into the four stages of reviewing an organization, program, activity or function:

- Planning the review and its research design.
- Describing the program or organization to be reviewed.
- Conducting the review.
- Reporting the results.

The attached criteria also include the relevant reference sources. Although we refer to "reviews" and "reviewers", the source documents refer to evaluations and evaluators, or audits and auditors. Although we have not explicitly weighted the criteria, the number of references suggests the extent to which a specific criterion is broadly recognized for this kind of professional work.

**CRITERIA FOR ASSESSING THE METHODOLOGY USED IN THE WCB'S
ADMINISTRATIVE INVENTORIES
STAGE ONE: PLANNING THE REVIEW AND ITS RESEARCH DESIGN**

Criteria or Test:	Sources:
<p>1. Independence: Are the reviewers independent of the entity being reviewed?</p>	<ul style="list-style-type: none"> • U.S. General Accounting Office, 1988, pp 3 - 4 • Canadian Institute of Chartered Accountants, 1988, standard no. 15
<p>2. Understanding: Is there a mutual understanding of the scope and objectives of the review between the reviewers and those who authorised or requested the review?</p>	<ul style="list-style-type: none"> • U.S. GAO, 1988, chapter 3, no. 31 • CICA, 1988, no. 19
<p>3. Attributes: If the review is intended to examine aspects of organizational or program performance, is there a clear articulation of what aspects or attributes will be examined? Aspects of program or organizational performance could include:</p> <ul style="list-style-type: none"> a) relevance of the program's or organization's objectives to the objectives and priorities of the department and government and to the needs of the clients it is designed to serve b) appropriate and cost-effective design c) meeting broad objective over time without significant negative unintended effects d) meeting planned service levels and other operational objectives including client satisfaction e) delivery in an efficient and productive manner 	<ul style="list-style-type: none"> • U.S. GAO, 1988, chapter 6 • Office of the Comptroller General, 1989, p.9 • CCAF, 1996, pp 139 - 144

**CRITERIA FOR ASSESSING THE METHODOLOGY USED IN THE WCB'S
ADMINISTRATIVE INVENTORIES (CONT'D)
STAGE TWO: DESCRIBING THE PROGRAM OR ORGANIZATION TO BE
REVIEWED**

Criteria or Test:	Sources:
<ol style="list-style-type: none"> 1. Mandate: Does the description state the current mandate for the program (or organization) and identify the source of its authority? Does it explain the underlying rationale for this mandate in terms of the conditions, needs, or problems that are to be resolved? 2. Objectives and Goals: Have the stated objectives and goals of the program or organization been identified? Have any intended results been identified? Has any competition or conflict among the stated objectives been explained? 3. Intended Clients: Have all the pertinent characteristics (social, economic, demographic) of the program's beneficiaries, intended users and actual users been described? 4. Design: Have the principal activities or functions of the program or organisation been described, including their interrelationships? 5. Decision Making: Is there a clear explanation of how decisions are made, especially in relation to who is eligible for what manner and level of program support? 6. Delivery: Is there a clear explanation of how program activities are delivered (for example, centralised versus decentralised operations, direct contact with client or through intermediaries and so on.) 7. Organization and Resources: Has the organizational structure been described? Have the physical, financial and human resources that are allocated to the program or organization been identified? 8. Policy, Planning and Review Processes: Have such processes been described in terms of who conducts the process, what is reported, how often and to whom? 9. Initiatives: Have the major external and internal initiatives or events been described in terms of the focus of the initiative, the time frame, and its impact? 10. Accuracy: Were steps taken to verify the accuracy of the description? Were key stakeholders asked if they have the same perception of the program? 	<ul style="list-style-type: none"> ● CCAF, 1996, pp 200 - 202 (This is the source for all of the following criteria)

**CRITERIA FOR ASSESSING THE METHODOLOGY USED IN THE WCB'S
ADMINISTRATIVE INVENTORIES (CONT'D)
STAGE THREE: CONDUCTING THE REVIEW**

Criteria or Test:	Sources:
1. Skills: Do the persons carrying out the review possess, or collectively possess, the knowledge and competence necessary to achieve the review's objectives?	<ul style="list-style-type: none"> • CICA, 1988, no. 10
2. Data Sources: Does the review include multiple, independent and complementary sources of data?	<ul style="list-style-type: none"> • Coleman, 1972, p. 5; CICA, no. 35 • OCG, 1989, p. 14 • OCG, 1990, chapter 2, pp. 24 -25
3. Criteria: Has the reviewer identified the criteria or standards as to what constitutes a "well-performing program or organization?" Are such criteria suitable, reliable, objective, useful, understandable and complete?	<ul style="list-style-type: none"> • CICA, 1990, no. 27-29
4. Objectivity: Is the review conducted in an objective manner? Could another review team repeat the review and get the same findings?	<ul style="list-style-type: none"> • Coleman, 1972, p. 10 • OCG, 1989, p. 14 • OCG, 1990, chapter 2, p. 18 • CICA, 1988, no. 14 • Caudle in Wholey, Hatry and Newcomer, 1994, p. 85
5. Validity: Are the measures used in the review valid? Do they measure what was intended and do so without bias?	<ul style="list-style-type: none"> • OCG, 1989, p. 15.

**CRITERIA FOR ASSESSING THE METHODOLOGY USED IN THE WCB'S
ADMINISTRATIVE INVENTORIES (CONT'D)
STAGE FOUR: REPORTING THE REVIEW RESULTS**

Criteria or Test:	Sources:
<p>1. Background: Does the report include a statement of the review objectives, an identification of the criteria used, and a description of the review scope and methodology?</p> <p style="margin-left: 40px;">a) Organisations and locations included in the review?</p> <p style="margin-left: 40px;">b) Time frames for the review?</p> <p style="margin-left: 40px;">c) Sources of evidence?</p> <p style="margin-left: 40px;">d) Means of verifying evidence?</p> <p style="margin-left: 40px;">e) Problems with evidence?</p> <p style="margin-left: 40px;">f) Description of any comparative techniques used?</p> <p style="margin-left: 40px;">g) If sampling is used, a description of the sampling design and rationale.</p>	<ul style="list-style-type: none"> ● U.S. GAO, 1988, chapter 7 ● CICA, 1988
<p>2. Evidence: Are the findings and conclusions fully supported by sufficient, competent and relevant evidence? Do they provide a reasonable basis to support the content of the report?</p> <p style="margin-left: 40px;">a) Sufficiency: Is there enough factual and convincing evidence to support findings, conclusions and recommendations?</p> <p style="margin-left: 40px;">b) Relevance: Is the evidence logically related to a given issue?</p> <p style="margin-left: 40px;">Competence: Is the evidence valid and complete?</p> <p style="margin-left: 80px;">- If triangulation of data sources is used, do the findings converge (this increases validity) or do they diverge (this suggests that the sources need to be weighted or more work needs to be done)?</p> <p style="margin-left: 80px;">- If testimonials are used (personal interviews, for example) are they corroborated by additional evidence? (Generally evidence obtained by the reviewer is better than that obtained indirectly. Documentary evidence is more reliable than oral evidence.)</p>	<ul style="list-style-type: none"> ● U.S. GAO, 1988, chapters 2, 3 and 6 ● CICA, 1988, no. 34 ● OCG, 1990, chapter 2

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APPENDIX B

***EXAMPLES OF OTHER MODELS
FOR REPORTING PERFORMANCE***

***SOURCE: "ACCOUNTABILITY, PERFORMANCE REPORTING,
COMPREHENSIVE AUDIT: AN INTEGRATED PERSPECTIVE,"
CANADIAN COMPREHENSIVE AUDITING FOUNDATION, 1996,
PAGES 327 TO 330***

APPENDIX B

EXAMPLES OF OTHER MODELS FOR REPORTING PERFORMANCE

Managers in the public sector can use a wide range of tools or models to measure and report on the performance of their organizations and programs. The CCAF recently completed a research project into these performance reporting tools and summarized their distinguishing features in a 1996 report.

In contrast to the Administrative Inventory Model, the CCAF report noted that most of these generic tools are documented in the literature. They also noted that the actual application of these tools may vary, depending on the sector in which they are used, and certainly from organization to organization.

The attached Exhibits are taken from that report and summarize some of the major performance reporting tools used in two different kinds of organizations: hospitals and educational institutions.

**EXHIBIT B-1
EXAMPLES OF OTHER PERFORMANCE REPORTING TOOLS: HOSPITALS**

	FINANCIAL AUDIT	ACCREDITATION	QUALITY ASSURANCE	CLINICAL REVIEWS
Description	Opinion of the financial statements	<p>Inspection survey reviews all or some functions of hospital against national standards</p> <p>A “snapshot” of hospital structure and process, with objective of promoting quality of care</p> <p>CCHA survey covers all hospital departments and services. Other accreditation surveys focus on specific, esp. teaching areas</p>	<p>A system for ongoing measurement of quality-of-care delivery, encompassing both process and outcomes</p> <p>Action to eliminate problems and to monitor activities to assure desired results have been achieved</p> <p>Required for full hospital accreditation</p>	<p>A professional peer-review process that examines the quality of care provided to individual patients</p> <p>May be retrospective (review of charts) or concurrent</p> <p>Medical audits are often undertaken separately from quality assurance activities</p>
Report recipient	Board of trustees or members of the hospital corporation	<p>Board of trustees</p> <p>Senior management</p> <p>Senior medical staff representative</p>	<p>Senior management</p> <p>Middle management</p> <p>Senior medical staff representative</p>	<p>Senior medical staff representative</p> <p>Clinical department heads</p>
Performed by	External auditor	External survey team	Quality assurance committee and coordinator	Professional audit committee
Use of Results	Funding bodies, board and senior management	Action to correct deficiencies prior to next survey	Senior management, departmental and clinical staff implement methods to resolve problems	<p>Identification of continuing education needs for physicians and other health care personnel</p> <p>Mechanism for developing standards of clinical care</p>
Frequency of review	Annual	Re-survey after one, two or three years depending on previous accreditation award	Ongoing	No specified frequency
Review criteria and process documented in	CICA Handbook gives process standards. Canadian Hospital Accounting Manual (CHAM) provides criteria	<p>Standards manuals for different types of hospitals</p> <p>Forms completed by hospital in advance of review</p> <p>Survey questionnaire for use by survey personnel</p>	Hospital develops quality assurance (QA) manual containing standards set by each department head under the Quality Assurance Committee’s guidance	No external manual on criteria or process

EXHIBIT B-1 (Cont'd)
EXAMPLES OF OTHER PERFORMANCE REPORTING TOOLS: HOSPITALS

	RISK MANAGEMENT	UTILIZATION AND IMPACT REVIEWS	PROGRAM/PROCEDURE /PRODUCT EVALUATION	OTHER REVIEWS
Description	<p>A process for evaluating and minimising risk in order to improve the quality and safety of hospital operations</p> <p>Deals systematically with incidents in order to minimize hospital's liability</p>	<p>Evaluation of the use of resources against internal or external criteria</p> <p>Often focuses on length of stay, use of diagnostic and therapeutic procedures, drugs and complementary services</p> <p>Impact analysis predicts resource utilization of new medical staff and expanded or new programs</p>	<p>Evaluation of the outcomes of a particular program, procedure or product against set objectives</p> <p>Often involves comparison of established new methods of providing care</p>	<p>Role studies and Master programs assess the relevance and capacity requirements of services provided by a hospital.</p> <p>Operational and other reviews assess functioning of one or more departments, usually focusing on economy and efficiency</p>
Report Recipient	<p>Board of Trustees</p> <p>Senior Management</p>	<p>Senior management</p> <p>Senior medical staff representative</p>	<p>Senior management</p> <p>Senior medical staff representative</p>	<p>Board of Trustees</p> <p>Senior management</p>
Performed By	<p>Risk management committee and or risk manager</p>	<p>Utilization review committee and or admissions and discharge committee</p> <p>Hospital-wide resource management committee</p>	<p>Evaluation specialists, usually external</p>	<p>External agent (typically a management consultant)</p>
Use of Results	<p>Establish methods to minimize risks and limit liability</p>	<p>Management and clinical staff implement recommendations affecting overall use of resources or the practice patterns of individual clinicians</p>	<p>Funding bodies, boards and senior management use information to approve, modify or eliminate programs</p>	<p>Funding bodies, boards and senior management normally require implementation of some or all recommendations</p>
Frequency of Review	<p>Ongoing</p>	<p>Usually monthly</p>	<p>One time projects, often associated with a trial phase</p>	<p>Role studies./Master programs: Occasional, often associated with redevelopment planning</p> <p>Operational reviews: Occasional, usually when an operational problem has been identified by senior management</p>
Review criteria and process documented in	<p>Manual developed internally to meet needs of hospital</p> <p>Insurance industry developing external manuals</p>	<p>No external manual on criteria or process. But certain hospital and medical associations have developed guidelines</p>	<p>Established research methodology for measuring outcomes and verifying causal relationships</p>	<p>Various manuals on criteria and process developed by different consulting firms</p>

EXHIBIT B-2

EXAMPLES OF OTHER PERFORMANCE REPORTING TOOLS: EDUCATIONAL INSTITUTIONS

	Strategic Plan Reviews	Institutional Evaluation Process	Internal Program Reviews	Accreditation	Course Articulation	Student Follow-up	Link File Project	Support Service Reviews	Financial Audit & Enrolment Audit
Description	Update & amend institutional objectives in light of changing conditions	Evaluation of institutional goals, activities and quality control processes. Usually carried out in two phases: 1. internal self-study 2. external validation of the self-study	Review of program content, instructor qualifications, delivery methods, facilities, processes for curriculum updates, student outcomes	Review and approval of specific educational programs to ensure they meet the requirements of the accrediting body	Review of course content to ensure material and expectations of students are harmonised for course-credit transfer purposes between post-secondary institutions	Survey of student outcomes and satisfaction by means of province-wide surveys	Tracks student flows into, and through full-time academic and career/tech programs in the post-secondary system. Tracks education-outcome data, not employment data	Review of institutional support services, e.g., library admissions, finance	Opinion on the 1. financial statements and 2. enrolment statistics
Report recipient	Board, ministry, public	Board of governors, ministry, institution	Board, administration, educators, advisory committees	Administration and the accrediting body (e.g., registered nurses association, engineering technologists association, etc.)	Instructors, department heads, deans	Administration, ministry, boards, students, advisory committees, educators	Administration, ministry, articulation committees, educators	Board, administration, staff	Board of governors, ministry, public, funding bodies, senior management
Performed by	Administration and faculty/staff team	1. Cross institutional internal team 2. External audit team appointed by provincial steering committee	Ad hoc program review team, usually includes external component	Varies, usually a team named by accrediting body	Subject articulation committees (e.g., mathematics, English, engineering, trades) which include instructors from articulating institutions	Survey conducted by each institution	Registrars contribute data to provincial steering committee	Ad hoc review committee, including external component	External auditors

EXHIBIT B-2 (Cont'd)

EXAMPLES OF OTHER PERFORMANCE REPORTING TOOLS: EDUCATIONAL INSTITUTIONS

	Strategic Plan Reviews	Institutional Evaluation Process	Internal Program Reviews	Accreditation	Course Articulation	Student Follow-up	Link File Project	Support Service Reviews	Financial Audit & Enrolment Audit
Use of results	Guides institution in setting priorities and in allocating resources	Renewal and improvement of the institution Base for and check on strategic planning	Renewal and improvement of the program Part of institutional evaluation process	Validate use of the institution's education and training as a basis for awarding the credential rights and/or privileges of the accrediting body	Granting of course credit to students transferring between institutions	Ongoing appraisal of programs, in formal program reviews, in overall appraisal of institutional quality, in identifying employers of graduates	Understanding of student education and training patterns and achievements	Renewal and improvement of support services; part of institutional evaluation process	Monitor financial needs, processes and resources
Frequency	Annual review, three-year update	Six years	Each program is reviewed on a 5-8 year cycle	As determined by accrediting agency	Ongoing monitoring with change depending on pace of change in subject areas (e.g., computer science vs. medieval English)	Annually, nine months after student has left the institution	Annually	Each service is reviewed on a 5-8 year cycle	Annual
Review criteria and process documented by:	Ministry of Advanced Education	Provincial steering committee Institutions can adapt process to suit their own needs. Advanced Education Council of British Columbia (AECBC) through Provincial Institutional Evaluation Steering Committee	AECBC through Provincial Institutional Evaluation Steering Committee	Accrediting agency	As agreed between participating institutions	Student Outcomes Working Group	Link File Steering Committee	Established by Provincial Institutional Evaluation Steering Committee	<ol style="list-style-type: none"> 1. Ministry specifies format in consultation with institutions, CICA Handbook 2. Ministry guide for enrolment audits

APPENDIX C
CORE FUNCTION: PREVENT ACCIDENTS
RELEVANT INVENTORIES: 2 AND 7 (SEE EXHIBIT 1.2)

C1. NOTEWORTHY STRENGTHS OF THE METHODOLOGIES

The methodologies used in these two Inventories were appropriate for **describing** the WCB's Occupational Safety and Health (OSH) Program. This includes:

- **Overall Description of OSH:** The methodology was successful in providing a thorough description of how the current OSH program functions, the role of other players in the system, and the linkages between the various OSH functions and activities.
- **Description of Activity Levels:** The report also provides a good picture of current and historical activity levels, ranging from the number of appeals to the number of inspections and lab samples performed.
- **Description of the Program's Historical Evolution:** It was especially useful in the first Inventory to trace the evolution of WCB's OSH program since its inception more than 75 years ago. The authors made impressive efforts to review historical documents and described the changing directions and priorities of the program.

The Inventories' methodologies were also noteworthy for these strengths:

- **Relevant Background of Researchers:** The two key members of the review team had extensive backgrounds in OSH issues in several different jurisdictions.
- **Useful Report Structure:** The structure of the report was particularly effective, focusing on not only the Division's core compliance and prevention activities, but also on the program's compelling issues (e.g., ERA).
- **Valuable Literature Review:** The authors summarize the results of several research papers which examine the impact of using economic incentives to set employer assessments.
- **Attention Points:** The 105 different Attention Points crystallized the authors' observations and recommendations and provide a useful summary of the overall report.

C2. FEATURES THAT DETRACT FROM THE INVENTORIES' USEFULNESS

There were some missing elements that detract from the Inventories' usefulness to the Commission:

- **Lack of Explicit and Supported Performance Criteria:** In order to examine the OSH program, the authors use more than 100 different criteria that **they** believe ought to be used in comparing the design and performance of **any** OSH program against some "ideal" of what an effective OSH program ought to look like. These criteria or standards were **not** explicitly stated in the report but were implicitly used. Some of the authors' criteria are likely to be agreed upon by all stakeholders (e.g., the criterion that OSH regulations, to be effective, should be easy to understand and should be kept

current), while other criteria represent the values and philosophies of the authors and are probably controversial, contentious and not likely to be accepted by all stakeholders. (e.g., the authors believe that an effective OSH program should be highly interventionist and should have regulations which force changes in a firm's technology). Exhibit C-1 lists some of the key, potentially-contentious theories and criteria used and espoused by the authors as to **what** issues the OSH regulations ought to cover and **how** they should cover such issues.

- **Lack of Information and Evidence on Actual Performance:** There is little if any data or evidence on the actual performance of the OSH program. (There are several data tables which describe **activity** levels, but not the program's performance in reducing or preventing accidents). There is no baseline from which to measure progress. As a result, WCB leaders and stakeholders (and members of the Royal Commission) still lack clear and credible answers to these key questions about OSH performance:

⇒ How well are we doing now? Is it getting better or worse?

⇒ How do we compare to others?

⇒ How serious are the gaps?

The lack of such answers also means that there is insufficient rationale for many of the initial Inventory's 105 recommendations. The recommendations are certainly far-reaching and possibly controversial, but for many of them, the questions still remain: Why should the WCB do this? What is wrong with the current situation?

- **Contradictory or Non-Supportable Statements:** There are several sweeping statements in the initial report that either lack evidence to support them or are contradictory. For example, there is no evidence or data to support the authors' key underlying premise that BC, like most industrial areas, has reached a plateau in its efforts to prevent workplace injury and disease. The authors "commend the WCB on its OSH activities" and also note that the WCB is "an exemplary system" that requires "a positive and constructive re-dedication to (its) goals." This is confusing to the user of the Inventory. If the WCB's OSH program is commendable, why does it need a transformation in 105 different areas?
- **Lack of Comparative Data:** The activity levels, unit costs, fatality rates, etc. peculiar to the OSH program in BC are not compared to that of other jurisdictions. This makes it difficult to assess WCB's relative performance.
- **Lack of Historical Performance Data:** Historical accident rates, compensation costs, and number of fatalities in BC are not provided and there is no analysis of which sectors or occupational categories are especially "hazardous". This makes it difficult to know if things are getting better or worse.
- **Lack of Precision:** Given that the authors interviewed 117 Divisional staff, for their initial Inventory (nearly one-third of the total) there is a surprising lack of precision in reporting the results of those interviews. The authors report that "several" staff had a particular concern, while "some" staff had a specific suggestion or gripe. Thus, the reader has little sense as to whether there was wide-spread concern about the program and its working environment, or whether there are only a few isolated problems and disgruntled employees. In addition, there appears to be no standard questions asked of the OSH staff. That makes it especially difficult to gain baseline information on the Division's working environment. As a result, future progress in this area would be

almost impossible to measure. (This same lack of precision is also evident in reporting the results of interviews with employer and labour representatives.)

- **Lack of Representative Survey Samples:** The authors provide a good description of the issues and concerns raised to them by the employers and labour representatives whom they had interviewed. However, the sample size for their initial survey was small (e.g., only three or four small to medium employers were interviewed) and biased (e.g., 45% of the interviewed labour representatives were from the same local of the carpenters union). Because of this problem, it is difficult to know whether or not the concerns and issues raised by this set of interviewees, and their level of satisfaction with the OSH program, are typical of all employers and workers. This makes it impossible to provide a baseline measure of client satisfaction.
- **Lack of Cost Analysis:** The Inventory's methodology involved no financial analysis. There are no observations, conclusions, comparisons nor recommendations about the program's underlying cost structure and cost-efficiency.

EXHIBIT C-1
EXAMPLES OF THE AUTHORS' POSSIBLY-CONTENTIOUS THEORIES AND CRITERIA
CONCERNING OSH REGULATIONS

1. **Broad Purpose:** Industrial development should be guided by OSH policies and regulations that co-optimize economic growth, environmental protection and worker health and safety. Workplace health and safety issues should be linked with the broad issues of environmental protection and plant safety.
2. **Internal Responsibility for Health and Safety:** Because no regulatory system can ever have the resources required to police the workplace 24 hours a day, the concept of **internal** responsibility for health and safety should drive many policy decisions. This should include:
 - a broad role for health and safety committees
 - rewards for employers with excellent programs, committees and accident experience
 - the expansion of workers' rights to refuse hazardous work to a collective right
 - the provision of grants-in-aid for developing the institutional OSH capacity of firms, trade associations, and unions.
3. **Health and Safety Programs:** For the concept of internal responsibility to really work, OSH policies and regulations should ensure that workplace-based health and safety programs, including joint health and safety committees, are operational and effective. This means that regulations concerning such programs should be in place and regulations should address the requirements for experience, training, information, resources, respect, support, and authority.
4. **Thorough Coverage:** OSH policies and regulations should be wide-ranging and should cover all issues which affect workplace health and safety. This includes:
 - the organization of work
 - the involvement of labour in the production process
 - the establishment of action levels that require employers to conduct environmental sampling and/or biological monitoring as well as to notify and train exposed workers.
5. **Induce Technological Change:** Governmental intervention, via OSH policies and regulations, should attempt to force and encourage technological changes using "technology-forcing" regulations. That intervention should induce a fundamental rethinking and redesign of the technology of production. It should involve significant input from ergonomics and engineering.
6. **Economic Incentives:** OSH policies and regulations should include strong economic incentives which should be used to supplement, but not replace, enforcement activities.
7. **Recourse to Courts:** To prevent years of costly and acrimonious judicial proceedings, OSH regulations should not be appealable in the courts.

Note: Such theories and criteria are not stated explicitly in the report. Instead, they are "woven" into the report's observations and recommendations.

APPENDIX D
CORE FUNCTION: ASSESS EMPLOYERS
RELEVANT INVENTORIES: 3 AND 6 (SEE EXHIBIT 1.2)

D1. NOTEWORTHY STRENGTHS OF THE METHODOLOGIES

The methodologies used by the Inventories to **describe** the assessment function were appropriate. This includes:

- **Efforts to Ensure Useful Description:** We agree with the original Chair that the Inventories make the complexity of employer assessments understandable. Because of the document review and interview tasks, the Inventories are especially useful for describing the functions and structure of the Assessment Department, its relationship with other units and agencies, and the key policy issues it faces.
- **Efforts to Ensure Factual Accuracy of the Descriptions:** A set of 45 individuals (mostly from among those interviewed) was asked to provide individual reviews of the factual correctness of some or all of the preliminary draft of the first Inventory.
- **Use of Relevant Performance and Activity Indicators:** The authors propose, and often use, several indicators to describe the Assessment Department's activity levels and performance. This includes data on departmental costs, staff productivity, audit activity, and collection results. (They proposed the use of error rates to measure the accuracy of classification decisions but the absence of data prevented the actual reporting on this important performance measure). This was especially useful in the authors' attempts to describe more clearly what is meant by an "orderly and equitable" assessment system (which is one of the key objectives of the Assessment Department).

The methodologies had three other strengths in their efforts to **examine** (versus describe) the performance of the assessment function:

- **Relevant Skills of Researcher:** The key researcher had an impressive background in working with and reviewing workers' compensation systems in North America.
- **Realistic:** The authors address an array of contentious policy issues (e.g., ERA, POP, relief of costs, etc.) and recognize that such issues are not subject to simple factual analysis, either because they are abstract or philosophical in nature or because the data are not sufficient to draw a clear picture.
- **Informative (But Non-Conclusive) Literature Review:** The Assessment function's most contentious policy is the use of economic incentives, as embodied in the Department's Experience Rated Assessment (ERA) Program. The author of the first Inventory provides a useful summary of labour's and employers' opposing views and presents the results of previous studies and research concerning this topic, concluding that there is no compelling research and empirical evidence to know whether such a policy is effective.

In contrast to the methodology used for the OSH Inventories, the Inventories for the Assessment Department used only a small number of possibly-contentious theories and criteria for assessing the assessment function and its policies. Two such theories were:

- **The Use of Economic Incentives:** Notwithstanding labour's position opposing the very concept of experience rating, the author believed that the policy of using economic

incentives in setting assessments should be favored (because employers overwhelmingly favor it as a matter of equity).

- **Linkage of Economic Incentives to OSH and Prevention:** In general, the author believed that there should be a policy link between safety and prevention activities and the employer's financial rewards and penalties. Financial incentives should be used to re-enforce safety performance. For example, the results of OSH activities should be used in setting an employer's merit or demerit.

D2. FEATURES THAT DETRACT FROM THE INVENTORIES' USEFULNESS

The methodology lacked certain features which one would normally expect to find in an exercise whose purpose is to measure and compare baseline performance and to develop supportable recommendations for improved performance. These gaps also impact the extent to which the Royal Commission can utilize the report. For example:

- **Contradictory or Non-Supportable Statements:** The 1992 Inventory focused on whether the collection of assessments from employers was "orderly and equitable." The author maintained that the perceptions of those served by the WCB (i.e., the employers in this instance) are the most reliable guide to what "orderly and equitable" really means. According to the author, the 22 employer representatives interviewed in 1992 appear to be extremely dissatisfied with the system. It is therefore a surprise when the author concludes that the BC assessment system is "fundamentally fair and equitable," with little or no evidence to support that positive conclusion. Similarly, the author of the 1992 Inventory describes the theoretical advantages and disadvantages of using economic incentives, concludes that it is still a toss-up and then provides no evidence to support his conclusion that WCB's ERA Program is indeed effective. (Another prime example of a contradiction is the author's **observations** about poor morale in contrast to his **conclusion** that staff are highly motivated.)
- **Questionable Assumptions:** The author recommended in 1992 that the Assessment Department hire additional staff. This is based on his assumption that "It simply will take more people to do things in an open responsive manner than it did in the past to conduct business behind closed doors." Others might argue that an open, responsive style of doing business could ultimately require fewer, not more, staff. (In addition, an internal study team concluded in 1995 that needless tasks were being conducted and that there were significant opportunities for gains in efficiency. Such a conclusion questions the need for more staff.)
- **Lack of Comparative Information and Data:** The productivity levels, unit costs, collection statistics, etc. peculiar to the assessment function in BC are not compared to that of other jurisdictions. This makes it difficult to assess WCB's relative performance.
- **Lack of Precision:** Given that the 1992 author interviewed 63 Departmental staff (50% of the total), there is a surprising lack of precision in reporting the results of those interviews. The author reports that "some" staff are highly suspicious of "some" managers, while "several" staff had a specific suggestion or gripe. Thus, the reader has little sense as to whether there was wide-spread internal concern about the Assessment Department and its working environment, or whether there are only a few isolated problems and disgruntled employees. In addition, there appears to be no standard questions asked of the staff. That makes it especially difficult to gain baseline information on the Department's working environment. In addition, the use of group interviews in an environment supposedly characterized by mistrust and poor morale raises questions about the reliability and validity of staff's comments. As a result, future progress in this area would be almost impossible to measure. (This same lack of

precision is also evident in reporting the results of interviews with employer representatives.)

- **Lack of Representative Survey Samples:** The 1992 Inventory describes the issues and concerns raised by the employer representatives whom the author had interviewed. However, as was seen above, the sample size for the survey was small and it is not stated whether the representatives of the 12 employer groups had surveyed their own members to get employers' view of the Assessment Department. Because of this problem, it is difficult to know whether or not the concerns and issues raised by this set of interviewees, and their level of satisfaction with the Department, are typical of all employers as of 1992. This makes it impossible to provide a baseline measure of client satisfaction. This means that comparisons to the levels of client satisfaction, as measured by Coopers and Lybrand in their 1995 survey of 4,000 employers, are not supportable. There is no valid evidence to show that employer satisfaction got better or worse between 1992 and 1995. (In addition, the Coopers and Lybrand survey had a 62% non-response rate. We do not know the extent to which this level of non-response caused a bias in extrapolating the survey results to the entire universe of BC employers).
- **Incomplete Cost Analysis and Comparisons:** The authors assess the Department's costs and its cost-efficiency by calculating the "administrative costs per active firm." In 1995 they concluded that "the Assessment Department raises the funds for the WCB and related organizations at a cost of \$70 to \$80 per active registered firm per year." However, this cost does not include the expenses incurred by the Department for its systems, facilities, and corporate services (e.g., personnel and legal services). Such overhead items totaled nearly \$60 million for the WCB in 1994. Even more importantly, such a ratio is meaningless unless it can be compared to other jurisdictions.
- **Questionable Structure of the Follow-Up Report:** Even though the Chair wanted to use the various Inventories as a yardstick to measure progress, the authors of the 1996 Inventory said "We have specifically not made a special attempt to match the attention points from 1991 or 1992 nor to document all the progress, or lack thereof, since 1991. We prefer to think of this as a fresh look at the WCB, informed by the perspectives of the past." Such an approach weakens the ability to use the Inventories to report on changes in performance.

APPENDIX E
CORE FUNCTION: ADMINISTER CLAIMS
RELEVANT INVENTORIES: 1 AND 6 (SEE EXHIBIT 1.2)

E1. NOTEWORTHY STRENGTHS OF THE METHODOLOGIES

The two Inventories do a useful job of describing the claims process, its activity levels, and the initiatives undertaken to improve performance.

E2. FEATURES THAT DETRACT FROM THE INVENTORIES' USEFULNESS

Several features detract from the Inventories' usefulness:

- **Lack of Performance Evidence:** The authors provide few of their own observations and conclusions about the performance of this critical function. Instead, they report what others have told them without providing data or analysis to support those perceptions.
- **Unsupported Conclusions:** The 1991 Inventory made the conclusion that “on the whole, the system performs very well.” But there is no definition of what constitutes good performance, nor are there comparisons over time or with other jurisdictions. Similarly, the 1996 Inventory concludes that the structure of generous benefits for injured workers is “one of the very best systems in North America.” However, this is a surprising statement given that the authors also observe that there has been no general review of the adequacy and equity of the benefit structure in BC.
- **Incomplete Analysis:** The author examines trends in workload and activity level indicators but there is no analysis as to the extent to which the complexity, difficulty or scope of that workload has changed. Similarly, the authors report on the costs of the claims function but do not include the significant overhead and support costs (e.g., computers, office space, etc.)
- **Missing Comments:** The authors describe the claims process but provide no observations nor recommendations on its appropriateness. This is surprising since an internal project team found many unnecessary steps in the process.

APPENDIX F
CORE FUNCTION: REHABILITATE INJURED WORKERS
RELEVANT INVENTORIES: 1, 5 AND 6 (SEE EXHIBIT 1.2)

F1. NOTEWORTHY STRENGTHS OF THE METHODOLOGIES

Three different Inventories reviewed WCB's rehabilitation activities. The first such inventory was conducted by Leahy in 1991, with a follow-up review completed by him in 1996. Those two Inventories focussed on the Vocational Rehabilitation Program (not the Rehabilitation Centre itself). Leahy's two Inventories had these strengths:

- **Experienced and Independent Reviewer:** The key author had significant experience in the field of vocational rehabilitation.
- **Valid Evidence:** Detailed statistics are presented to back up most of the author's key observations on costs and outcomes.
- **Thorough Description:** The function is described in detail, including its costs, activity levels, linkages to other parts of the WCB, and the five phase Case Management Model.

Fulton and Atkinson's 1993 Inventory focussed on the role of the Richmond Rehabilitation Centre in rehabilitating injured workers. (The Inventory also covered the work of Medical Programs.) In describing and assessing the Centre, the Inventory's methodology had several strengths.

- **Scope of Interviews:** The authors interviewed a wide range of more than 200 staff and stakeholders. (See, however, comments later on the selection of interviewees.)
- **Content:** The authors looked at the Centre's activities in the context of broad trends in health care management and service delivery.
- **Independence:** The members of the review team were from outside BC and included researchers from various disciplines.

F2. FEATURES THAT DETRACT FROM THE INVENTORIES' USEFULNESS

Some aspects of Leahy's methodologies detract from his Inventories' usefulness. For example:

- **Limited Participation By Injured Workers:** Four representatives of an injured worker advocacy group were interviewed but no attempts were made to obtain the views of individual injured workers who had been clients of the function.
- **Unsupported or Contradictory Conclusions:** The 1996 Inventory concludes that "The comprehensive Rehabilitation Centre in Richmond is one of the jewels in the WCB crown." However, there is little evidence to support such a conclusion and this positive statement is at odds with some of the criticisms of the Centre voiced in Fulton's 1993 Inventory. The author also reports in 1996 that there is a general perception of "an overall decline in quality ... during the past four years" but does not say who has that perception nor on what basis they reached that conclusion.

- **Unsupported Recommendation:** There is little or no evidence in the report to support the author's view in the 1991 Inventory that an expansion of the Job Search Program is needed.

The usefulness of Fulton and Atkinson's work is weakened by three characteristics of the study:

- **A Difficult Writing Style:** The Inventory report is poorly presented. It reads more as a compendium of separate, disconnected thoughts rather than an integrated piece of analysis. It is often hard to follow even some of the pure descriptive passages. The weaknesses can be illustrated as follows:
 - ⇒ The authors adopt an interesting presentation style, that of using short "case studies" in the text (e.g., the voice of the injured worker - Dave), presumably to illustrate a point. However, rarely are the case studies well integrated with the analysis of the text.
 - ⇒ Issues are raised in the attention points that have not been discussed in the Chapters. In many of these situations, there is very little supporting evidence for the points raised.
 - ⇒ Other seemingly-important issues are discussed in the text but are not included in the attention points.
- **Lack of Focus and Evidence:** The Inventory suffers from not being very selective and, as a result, the analysis is **uneven**. In trying to 'cover the waterfront,' it does not do a convincing job of analyzing many of the issues discussed. Some issues are dealt with reasonably well. Others have little or no analysis associated with them. (Or at least, not in the published report.) Overall, the report is better at problem identification than problem analysis. For example, the following issues are raised with little or no evidence:
 - ⇒ The role of the Residence, whether it should be retained and the way it is used to support and assist workers.
 - ⇒ Productivity of administration and support services.
 - ⇒ Productivity of physiotherapy and occupational therapy services.
- **Weaknesses in Methodology:** The report fails to meet many of the standards for this type of review. For example:
 - ⇒ While a large number of persons were interviewed, the interviewees do not appear to have been selected using systematic sampling techniques.
 - ⇒ Insufficient attention was given to obtaining the views of injured workers. (The Appendix on persons interviewed lists only three injured workers, although the text suggests informal discussions with many more.)
 - ⇒ There are no comparisons to other jurisdictions.
 - ⇒ It cannot be said to be a study of "baseline" performance even though performance issues are discussed. Performance criteria are not systematically presented and used.

In spite of the above weaknesses, it is important to note that the authors of the 1993 Inventory were prepared to make some strong criticisms of the Centre. This was not a “whitewash” of the WCB. Also, staff of the Rehabilitation Centre, were able to concur with many of the attention points raised, despite the weaknesses in the study.

APPENDIX G
CORE FUNCTION: RESOLVE DISPUTES (MEDICAL)
RELEVANT INVENTORIES: 4 AND 6 (SEE EXHIBIT 1.2)

G1. NOTEWORTHY FEATURES OF THE FIRST INVENTORY

Two separate Inventories examined this core function as carried out by Medical Review Panels. A strength of the first one (Jenkins, 1992) was that it was conducted by a well-published physician and academic. However, this first Inventory does not meet the key standards expected of this type of review:

- **Lack of Independence:** The reviewer, who was also the Registrar of the unit being reviewed, is not independent.
- **Unclear Methodology:** It was not clear who was interviewed, what was being measured, nor against what standards or criteria.
- **Unsupported Recommendations:** The report often jumps from a list of questions or issues to a list of recommendations, with no rationale for those recommendations.
- **Unclear Issues and Unsupported Conclusions:** The reader is left to guess why an issue is even raised in the first place. On many such issues, there are background descriptions and no conclusions from the author. Where the author does state a conclusion, supporting evidence is usually not provided. This makes it especially difficult to assess the logic and validity of the recommendations.
- **Small Sample:** The author apparently spoke with twice as many individuals inside the WCB as with workers' and employers' groups combined. He did not report speaking directly with anyone who had been a direct client of the MRP process.
- **Missing Evidence:** Very little in the way of evidence is provided to support the author's observations and recommendations, so an assessment of that evidence's sufficiency, relevance and validity is not possible.

As a result of the above weaknesses, the report does not really come to grips with the issue of MRP delays and sources of inefficiency. The reader is still uncertain over the extent of the delay problems and why certain steps, including 24 recommended amendments to the relevant legislation, should be taken.

G2. NOTEWORTHY FEATURES OF THE SECOND INVENTORY

The second Inventory used a more credible methodology in its description and review of the MRP as it pertained to the "delay" issue. The report presented considerable evidence to support its conclusion that the MRP process "still seems to be in distress (and) delays in securing an MRP decision are unacceptable."

That evidence could have been made more complete by including input from clients and from those staff who actually work in the MRP system. This could give more insight into the nature of delays, and the degree to which they are acceptable or unacceptable. (The authors state that they spoke to the MRP Registrar and one panel chairman.)

APPENDIX H
CORE FUNCTION: RESOLVE DISPUTES (NON-MEDICAL)
RELEVANT INVENTORIES: 1 AND 6 (SEE EXHIBIT 1.2)

H1. NOTEWORTHY STRENGTHS OF THE METHODOLOGIES

The two Inventories do a useful job of describing the WCB's Appeals Division, the Workers' Compensation Review Board, and the internal "managers review" process. They also describe the role of the Workers' Advisers Office, the Employers' Advisers Office and the Ombudsman. Useful statistics and suggested ways for measuring appeal rates are provided to complement the description of current and historical activity levels and backlogs. (One notable gap in their description is the unofficial role played by MLA's in resolving old disputes, some of which are know as "heritage files.")

H2. FEATURES THAT DETRACT FROM THE INVENTORIES' USEFULNESS

The methodologies were such that they generated few observations, conclusions, nor recommendations concerning the performance of this function. For example, they make no comments on the appropriateness of the structural relationship between the WCB and the Appeals Division, even though the authors identify this as a "critical structural issue." In addition:

- There were no surveys of appellants as to their level of satisfaction.
- There was no supporting evidence on the way the Appeals Division is run.
- The authors stressed that "It is beyond the bounds of an Administrative Inventory to evaluate the quality of the decisions by the Appeals Division."
- There is no comparative data provided on the timeliness nor quality of the appellate function in other North American jurisdictions.