THE FLOW OF GOVERNANCE INFORMATION IN THE B.C. WORKERS’ COMPENSATION SYSTEM

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June 4, 1998
EXECUTIVE SUMMARY

“Governance” refers to the structure and ongoing processes used to steer an organization, chart its performance, and report results to others. Those who study corporate governance have observed that:

- Boards, rather than CEOs, have become the focus of corporate accountability.
- In large measure the quality of an organization’s governance determines whether it will thrive or even survive.
- Information is the basic currency of the governance process and useful information is a critical prerequisite of effective governance.
- High quality, multi-faceted information needs to flow to and from boards.

Within the B.C. workers’ compensation system, members of the various governing bodies need credible and accurate governance information to:

Make informed decisions on key policy and strategic issues.

- Make informed judgments about progress and performance against the organization’s strategic and business plans.
- Make informed reports to stakeholders on the organization’s performance and achievements.

Because of the importance of an effective flow of governance information, the Royal Commission asked us to assess the adequacy of the current flow and to suggest options for the future. Based on that research, we conclude that:

- The WCB recognizes the need for, and is trying to strengthen, the flow of governance information.
- In spite of recent improvements, some important weaknesses still remain in the system’s flow of governance information. This includes difficulties in obtaining a complete and integrated picture of the performance of the overall system, concerns over the validity and reliability of some information being reported and, as seen in Exhibit One, gaps in the performance information being reported to and from the governing bodies.
- Those weaknesses in the flow of governance information make it difficult to govern and judge the complete performance of the overall system and of the individual agencies in that system. Such gaps also weaken the accountability of the system’s governing bodies.
- Because of a recent, well-researched report done for the WCB by the B.C. Office of the Auditor General, the WCB is already aware of certain gaps in its own flow of governance information and has prepared an Action Plan to address those gaps.

We believe there are significant opportunities to improve the flow of governance information. Our recommendations and options include:

- Provide a single, “one stop” source of information on the performance of the overall system.
- Fill the high priority gaps in the flow of performance information, particularly with respect to the achievement of intended outcomes. (The WCB is already acting to fill those gaps.)
- When it is feasible to do so, provide comparisons to other jurisdictions when reporting performance; use other statistical measures besides “average” to portray performance.
- Use an independent agency (such as the Auditor General) to attest to the accuracy of a key set of management’s representations about its non-financial performance (in the same way the financial statements are audited.)
EXHIBIT ONE: WHAT PERFORMANCE INFORMATION FLOWS AT THE WCB?

<table>
<thead>
<tr>
<th>Types of Performance</th>
<th>Ideally, These Performance Issues Should Be Reported Routinely</th>
<th>Reported to Panel?</th>
<th>Reported to Public?</th>
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<tbody>
<tr>
<td>OPERATIONAL</td>
<td>1. What are the WCB’s <strong>overall</strong> mission, vision and values?</td>
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<td>2. What are the WCB’s <strong>specific</strong> goals and objectives?</td>
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<td>3. Are the WCB’s programs still relevant?</td>
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<td>4. Are the WCB’s 15 strategic goals being achieved?</td>
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<td>5. Are workplaces safe?</td>
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<td>6. Are injured workers being compensated fairly?</td>
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<td>7. Are injured workers being rehabilitated and returned to work?</td>
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<td>8. Do employers have a fair funding load?</td>
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<td>9. Is quality adjudication being achieved?</td>
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<td>10. Are services provided in a timely manner?</td>
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<td>11. Are clients and stakeholders satisfied and supportive?</td>
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<td>12. Is the WCB administratively efficient?</td>
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<td>13. What are the WCB’s secondary impacts?</td>
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<td>14. What are the WCB’s major strategic initiatives?</td>
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<td>15. Are those initiatives achieving their intended outcomes?</td>
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<td>FINANCIAL</td>
<td>16. What are the WCB’s financial results?</td>
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<td>17. Is the WCB fully funded?</td>
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<td>18. Is the WCB’s return on investment appropriate?</td>
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<td>19. Are sound financial controls in place?</td>
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<td>COMPLIANCE</td>
<td>20. Does the WCB comply with its governing legislation?</td>
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<td>21. Does the WCB comply with its standards of conduct?</td>
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<td>FUTURE</td>
<td>22. Are assets being protected and risks managed?</td>
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<td>23. Do the WCB’s employees have the needed skills and diversity?</td>
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<td>24. Is the working environment satisfactory for staff?</td>
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<td>25. What major strategic initiatives are planned for the future?</td>
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**LEGEND:**

- Very little, if anything is reported on this issue
- Partially; some information is reported on this issue
- This issue is reported on fully

**NOTE:** A previous report to the WCB by the Office of the Auditor General has also identified similar gaps in the flow of performance information. WCB management has prepared a series of Action Plans to address those gaps.
THE FLOW OF GOVERNANCE INFORMATION IN THE B.C. WORKERS’ COMPENSATION SYSTEM

A. INFORMATION IS CRITICAL TO THE EFFECTIVE GOVERNANCE OF THE WORKERS’ COMPENSATION SYSTEM

“Governance” refers to the structure and ongoing processes used to steer an organization or system, chart its performance, and report results to others. The Royal Commission recognizes the importance of governance to B.C.’s workers’ compensation system and will probably focus many of its key observations and recommendations on the system’s governance structure. (A separate research report has been prepared on that topic.) However, no matter what governance structure is employed, effective governance relies on a flow of credible information to and from the governing body or bodies.

For example, if the governing body of the WCB is to set a future direction for the WCB, it needs to make strategic and policy decisions. Based on the research summarized in Attachment A, such decision-making requires a flow of routine and ad hoc information that:

• Is relevant and forward-looking.
• Explains options.
• Promotes understanding without simplifying.
• Incorporates management’s interpretation and analysis.
• Utilizes several communication channels.

The governing bodies for the various agencies in the workers’ compensation system (including the WCB’s Appeal Division and the Workers’ Compensation Review Board) are also required, as part of their governance responsibilities, to judge an organization’s performance. That requires that members of the governing body receive information on the extent to which the organization:

• Has clear objectives and direction.
• Is relevant to the needs of its clients, stakeholders and funders.
• Achieves its intended results.
• Satisfies its customers.
• Protects its key assets.
• Offers a positive working environment for its staff.
• Has appropriate financial and operational controls in place.

That performance information should be appropriate and relevant, complete and balanced, timely, accurate and cost effective to collect.

In order to fulfill their accountability obligations, governing bodies in the workers’ compensation system also need to report to others, whose interests they represent, about their organizations’ performance in four distinct areas:
Operational Performance: Is the organization achieving what it set out to achieve? Are its individual programs and initiatives achieving what they are meant to achieve in a cost effective way?

Financial Performance: Is the organization achieving its financial objectives?

Compliance Performance: Are the organization’s affairs conducted in accordance with legislated requirements, and with expected standards of conduct?

Future Performance: Is the organization maintaining the capacity to deliver results in the future?

“Governance information” is therefore needed by governing bodies to make decisions, judge performance, and report to others. In light of the importance of an adequate flow of governance information in the B.C. workers’ compensation system, the Royal Commission asked us to focus primarily on the WCB and to examine and suggest improvements in:

- the flow of information to the WCB’s governing body for decision making and monitoring performance.
- the flow of performance information from the WCB’s governing body to the system’s various stakeholders.

B. TO ADDRESS THOSE ISSUES, WE COMPLETED SEVEN TASKS

To answer the Commission’s questions about the adequacy of the flow of governance information, we:

- Prepared a set of “Criteria for an Effective Flow of Governance Information (see Attachment A). These criteria became the framework for our own assessment of the current flows of information.
- Reviewed examples of the extensive set of information that flows routinely to the WCB’s governing body. This includes material used at meetings of the Panel of Administrators, monthly Key Performance Indicator Reports, annual Business Plans, etc.
- Reviewed minutes of all meetings of the WCB’s governing body held in the three year period ending December 13, 1997.
- Reviewed all Annual Reports issued by the WCB, the Appeal Division, and the Workers’ Compensation Review Board since 1995. (This includes the recently-released 1997 Annual Reports for all three agencies.) We deemed these reports to be the primary mechanism for accountability reporting.
- Examined and utilized the results of a well-researched study by the B.C. Office of the Auditor General (conducted for the WCB in 1997) which examined the overall adequacy of the performance measures used by the WCB to measure and report on its performance. (This report by the Auditor General involved interviews with a variety of participants and stakeholders from the system to determine the areas of performance in which they were interested.)
- Examined the WCB’s response to the Auditor General’s report, including how the WCB planned to deal with the report’s 39 recommendations.
- Used all of the above results to assess the current flow of governance information against the criteria shown in Attachment A. (Note: We did not audit the accuracy of this information.)

C. THE WCB RECOGNIZES THE NEED FOR, AND IS TRYING TO STRENGTHEN, THE FLOW OF GOVERNANCE INFORMATION

Over the past six years, the WCB has been told several times about weaknesses in its flow of performance-related information. These warnings have come from Administrative Inventories, from its
own Internal Audit group, and from various independent reviews of the WCB’s core functions. In response, the WCB has acted on several fronts. For example:

- It hired the consulting firm of Rydberg Levy to assist in the implementation of a performance management system.
- It designed and implemented a series of routine reports on the WCB’s Key Performance Indicators.
- It surveyed other Canadian jurisdictions about the reporting to and from the governing bodies of their respective workers’ compensation agencies.
- It commissioned the B.C. Office of the Auditor General to review the WCB’s accountability reporting and to make recommendations; it acted on several of those recommendations in its 1997 Annual Report.

As a result of the above, the WCB has in place a set of mechanisms to provide governance information. For example, the Panel of Administrators (POA) receives a daunting array of information to assist them in their governance activities. This includes routine reports (eg: KPI), briefings by WCB management, and documents to be read prior to Panel meetings. The Panel also provides information to stakeholders in the form of Annual Reports and copies of its resolutions. We agree with the Auditor General’s conclusion that “management of the WCB has made considerable advances compared to many other organizations in British Columbia in identifying key performance measures.”

Governance information also flows to and from other agencies in the workers’ compensation system:

- **At the WCB’s Appeal Division:** The Panel receives routine reports and briefings from the WCB’s Appeal Division. The Chief Appeal Commissioner also issues an Annual Report and publishes selected, key decisions in the Workers’ Compensation Reporter.
- **At the Workers’ Compensation Review Board:** The Chair of the WCRB publishes an Annual Report that describes the WCRB’s key activities, workload, trends and decisions.

**D. IN SPITE OF RECENT IMPROVEMENTS, SOME IMPORTANT WEAKNESSES STILL REMAIN IN THE SYSTEM’S FLOW OF GOVERNANCE INFORMATION**

In comparing the above information flows to Attachment A’s criteria for effective governance information, we observed three weaknesses:

- **Fragmented and Incomplete Picture:** The flow of information about the overall workers’ compensation system is fragmented (because of the different agencies involved, none of which has the perspective of the overall system), incomplete (because of some of the gaps described below), and may not be seen as accurate or reliable by some stakeholders and participants (because of, as seen below, the lack of validation).

- **Gaps in Performance Information:** As summarized in Exhibit One and as detailed in Attachment B and C, there are meaningful gaps in the reporting of WCB-related performance information. This includes incomplete information on the WCB’s achievement of its strategic goals and intended outcomes, missing information on the relevance, client acceptance, and secondary impacts of its key programs, lack of information on the impact of major initiatives and missing data on certain factors which will contribute to future performance. (In contrast, and as seen in Exhibit One, most of the WCB’s financial performance is reported, and validated, in the requisite detail.)

- **Concerns Over Validity and Reliability of Performance Information:** Although information on financial results is validated by an external, independent source (i.e., the Office of the Auditor General), the information on the most sensitive areas of non-financial performance (eg:
return to work rates, injury rates, backlogs, timeliness, outcomes of major strategic initiatives, etc.) is not validated. Given the suspicion that some participants and stakeholders may have for the system, this weakens the credibility of the results being reported by the various agencies, especially the WCB.

E. THE GAPS IN THE FLOW OF GOVERNANCE INFORMATION HAVE AN IMPORTANT IMPACT

The problems described above have an important impact:

- It is difficult to govern and judge the performance of the overall workers’ compensation system.
- It is difficult to govern and judge the performance of the individual agencies in that system.
- It weakens the accountability of the various governing bodies.
- It can lead to suspicion and distrust as to the “true” performance of the system and of the individual agencies in that system.

F. THERE ARE SIGNIFICANT OPPORTUNITIES TO IMPROVE THE FLOW OF GOVERNANCE INFORMATION

We were impressed by the WCB’s response to the Auditor General’s report. For example, WCB management accepted the report in a positive manner and have prepared detailed Action Plans to fill in most of the gaps identified by the Auditor General. (These are basically the same gaps that we have identified in our own report.) The WCB’s recently-issued Annual Report for 1997 includes several enhancements recommended by the Auditor General. We certainly agree with those recommendations and urge the WCB to act on them.

In addition, we have the following recommendations:

- **Provide One Stop Shopping for Performance Information:** Provide a single, integrated source of information on the performance of the overall workers’ compensation system. Such a source would report on return to work and injury rates, secondary impacts on the province’s health and social welfare system, the timeliness of the system, and the clients’ satisfaction with all aspects of the system. (One option would be to include such a report in the WCB’s Annual Report. Another option would be for Ministry of Labour staff to prepare such a report on behalf of the Legislative Assembly.)

- **Fill the High Priority Gaps:** The Auditor General’s report on the WCB had 39 recommendations on gaps that needed to be filled; our Exhibit One portrays our own assessment. Rather than attempting to fill in all the gaps at once, we recommend that the WCB focus its reporting enhancements on the achievement of its strategic goals, on the extent to which its overall intended outcomes (e.g., safe workplaces, return to work) are occurring, and on the status and impact of its major strategic initiatives (such as E-File, Case Management, Diamond, and the Employer Services Strategy). One option would be to have legislation address the broad type of performance information that must be included in the WCB’s Annual Report.

- **Encourage the Other Agencies:** The WCB is not the only agency in the workers’ compensation system. Just as the WCB has tried, and is trying, to improve its accountability reporting, so too should these other agencies examine their own accountability reporting and make any needed changes. In particular, such agencies should articulate their goals and intended outcomes and report on their performance in achieving those desired results.

- **Validate Key Indicators:** Just as the Auditor General currently signs off on the validity and reliability of the WCB’s financial statements, so too should such an independent body attest to the accuracy of management’s statements and representations about the WCB’s non-financial performance. Initially, this should be limited to an “audit” of a few selected indicators that are cur-
rently used and reported by the WCB (such as return to work or injury rates). The requirement for such an audit would provide greater assurance about the accuracy and reliability of the WCB’s reports on its performance, enhance credibility, and help enforce managerial accountability.

- **Include Comparisons and Useful Statistics:** We noted a desire on the part of other jurisdictions to compare their performance to others, if commonly-defined indicators could be used. The WCB should also attempt, where it is possible to do so, to compare its performance in key areas to other jurisdictions. In addition, its statistical reports should certainly include “averages”, but should also identify the extent and size of the “outlier” population. (For example, how many injured workers are having to wait an unacceptably lengthy period to receive their first cheque?)

- **Increase the Frequency of Reporting:** Instead of an Annual Report which is published once a year, three to four months after the year end, consider disseminating some key performance information on a quarterly basis. Such data should be complemented by analyses of trends and comparisons to previous time periods.

- **Ensure a Thorough Understanding of WCB Programs:** Given that there has historically been a high turnover amongst the members of the WCB’s governing body, and given the complexity of the programs and operations that such members are expected to govern, the WCB needs to use effective tools to brief governors on the WCB’s issues and programs. The type of “Logic Models” developed by the Auditor General as part of their recent assignment are a good example of how the WCB’s programs can be explained in terms of rationale, inputs, activities, outputs, and expected outcomes.
ATTACHMENT A

OVERVIEW OF THE WCB’S MAJOR INITIATIVES
OVERVIEW OF THE WCB’S MAJOR INITIATIVES

A compelling characteristic of the WCB is its use of major, high profile initiatives to achieve its strategic objectives. (A major initiative is defined here as any project, or set of projects, whose costs are expected to be more than $1 million, and/or must be approved by the Panel of Administrators.) In order to examine the WCB’s evaluation activities associated with such initiatives, we used WCB data to compile an inventory of the major initiatives which have been approved by the WCB since January 1, 1995.

Those major initiatives fall into two distinct categories in terms of how the WCB manages them: those initiatives which have a significant information technology (IT) component and those which do not.

THE WCB’S IT INITIATIVES

In December, 1997, the WCB prepared a summary of its major IT projects and programs, showing expected costs and expected benefits. These major initiatives represent $244.55 million in expected incremental costs (until the year 2002) and are expected to generate reductions in compensation and administration costs totalling $484.73 million by the year 2002. The following pages provide additional details on those major initiatives.

THE WCB’S NON-IT INITIATIVES

In April, 1998, the WCB reported to the Commission that since January 1, 1995, it had approved nine major initiatives that did not have an IT component. Here is the WCB’s description of those projects:

- **Threats of Violence and Security Upgrade** - The purpose of this initiative is to increase the safety of WCB employees through training, awareness, and changes in the Physical Plant, such as fencing, landscaping, installation of a door in the courier room and a security system.

- **Information Services Division Renovations** - Renovations were done on the fourth floor of the Richmond Administration building in order to support the operational effectiveness of the Information Services Division (ISD), to meet mandatory WCB safety and ergonomic requirements, and to preserve gains in ISD staff confidence in management to deliver on its promises. Also, there were significant non-tangible benefits realized in reorganizing the ISD groups to work effectively in cross-functional teams.

- **Clinical Services Move** - The clinical departments of Compensation and Rehabilitation Services were spread through three areas of the Richmond Complex. This move brought the various clinical departments together into the same area in order to allow for more synergy on joint projects and develop better working relationships among the different areas.

- **Relocation of Head Injury Unit** - The primary benefits of the project were to create sufficient space next to the Back Evaluation and Education programs for the new pain education program. This move allowed for the consolidation of these programs that will result in more efficient service being provided.

- **Call Centres** - As part of the Service Delivery Strategy and the implementation of E-File, a decision was made to establish a centralized call centre for the Lower Mainland on the third floor of the Administration building in Richmond and in the three other hub locations throughout the province, namely Kelowna, Victoria and Prince George.

- **Abbotsford SDL** - A strategic decision was made to relocate Service Delivery Locations (SDL’s) closer to the geographic location of employers and injured workers. This would provide improved services to injured workers and employers in that claims officers would be available.
more often to meet with clients. Abbotsford was the first SDL that moved out of the main Richmond Admin building under this strategy.

- **North Van Work Location** - A corporate decision was made to establish work centre locations for the Vancouver North, Burnaby, Coquitlam and Surrey SDL's in the geographic areas that they service. The new work locations provide an opportunity to improve client service. Claims Case Managers will be located closer to the clients they serve, facilitating site visits to investigate accidents and discuss return to work alternatives with both the employer and worker.

- **Coquitlam SDL Relocation** - In order to establish a stand-alone site for a Lower Mainland SDL to pilot the E-File technology, the Coquitlam SDL was relocated to the Riverfront facility. This resulted in a move of the Richmond SDL into the old Coquitlam space and freed up space for other departments to use.

- **2nd Floor Renovations** - Renovations on the 2nd floor of the Richmond Administration Building were done in 1997 in order to align the physical work environment. This will facilitate the new service delivery strategies, e.g. Case Management, being developed in the Compensation Services Division.
MAJOR IT INITIATIVES

NAME: AIRS (Accident and Injury Reporting System)

PURPOSE AND RATIONALE:

The AIRS program was created to enable the WCB to acquire data related to workplace accidents and injuries. This data is important for key WCB business functions such as targeting high risk firms, understanding trends and causality, monitoring firm performance and automating claim processing.

BUDGET:

$7.30 million for approved phases, a further $3.10 million for future phases

SPONSOR:

Prevention Division

TIMING:

Start: 1995

Finish: 1999

EXPECTED IMPACT/BENEFIT:

• Reduce claims as a result of improved ability to use the data to target and monitor high risk firms: $34.24 million in reduced compensation costs by the year 2002.

• Improve the productivity of WCB staff by acquiring a complete set of data electronically, thus avoiding the callback, clarification and data entry work that would otherwise have to be carried out by WCB staff: $14.19 million in administrative cost savings by the year 2002
MAJOR IT INITIATIVES

NAME: Case Management

PURPOSE AND RATIONALE:

Case Management, as outlined in the Strategic Plan, was intended to offer injured workers, employers, medical professionals and other external (and internal) stakeholders a single point of contact for a given claim, with an emphasis on coordinating and expediting all transactions and ultimately, making decisions that would determine the outcome of that claim.

BUDGET:

$4.07 million for approved phases, a further $25.56 million for future phases

SPONSOR:

Compensation Services Division


EXPECTED IMPACT/BENEFIT:

• $70.19 million in reduced compensation costs by the year 2002

Note: A separate Case Study provides further information on the evaluation activities associated with this initiative.
MAJOR IT INITIATIVES

NAME: Decision Support Strategy
( Including Data Warehouse)

PURPOSE AND RATIONALE:

The purpose of this set of projects is to make simplified, integrated information available for analysis. Information provided includes key components of the employer score card (to Diamond, Employer Services Strategy and Compensation Services), and ad hoc analysis of duration measures (as an approximation of RTW), caseload financial impact (analysis of distribution of duration), high-risk worker causality, and actuarial analysis of pricing and funding.

Future phases of DSS will take advantage of improvements in source data to extend the Data Warehouse to provide information for RTW analysis, caseload management, causality analysis (identification of risk factors leading to injury trends and compensation costs), enhancement of the employer score card, etc.

BUDGET:

$5.72 million for approved phases, a further $8.33 million for future phases

SPONSOR:

Enterprise (i.e. the overall WCB, not a specific Division)

TIMING:
Start: 1996
Finish: 1999

EXPECTED IMPACT/BENEFIT:

- Enables the WCB to make informed decisions and to monitor performance (These benefits are not currently quantified in the same manner as the other IT Initiatives. However, in the original Business Case submitted to the POA in October, 1996, tangible benefits of $5.76 million per year were expected to start in 1998; this represented ½% of the total claim costs in a year.)

Note: A separate Case Study provides further information on the evaluation activities associated with this initiative.
MAJOR IT INITIATIVES

NAME: Diamond System Monitoring

PURPOSE AND RATIONALE:

The Diamond Program is a new strategy for employers, workers, and the WCB to strive for cooperation toward workplaces free of injury and disease. The Program requires extensive monitoring information to encourage and recognize workplaces and firms with successful health and safety programs and provide support for those trying to meet health and safety requirements.

BUDGET:

No funds have yet been approved; $1.77 million is proposed in total for 1998 and 1999.

SPONSOR:

Prevention Division


EXPECTED IMPACT/BENEFIT:

• $23.07 in reduced compensation costs by the year 2002
MAJOR IT INITIATIVES

NAME: Employer Services Strategy

PURPOSE AND RATIONALE:

This set of projects is aimed at improving services to employers. These projects will restructure the business operations of the Assessments, Collections and Audit Departments. They will also re-classify firms and establish new rates. The major components are the establishment of an Employer Service Centre, a new classification system, actuarial decision and modeling tools (for rate making, modeling experience rating, and modeling incentive rating), and a new corporate Accounts Receivable application.

BUDGET:

$38.05 million for approved phases

SPONSOR:

Finance


EXPECTED IMPACT/BENEFIT:

• $72.50 million in reduced compensation costs by the year 2002
• $27.48 million in administrative cost savings by the year 2002

Note: A separate Case Study provides further information on the evaluation activities associated with this initiative.
MAJOR IT INITIATIVES

NAME: Health Care Services

PURPOSE AND RATIONALE:

This initiative consists of several projects whose purpose is to introduce more efficiencies into the payment process associated with the province’s Medical Services Plan. For example:

- The WCB will utilize MSP’s Teleplan system to receive, edit and apply adjudication rules and pay or refuse medical doctors’ fees.
- The Pharmaceutical Management System will better manage the adjudication and payment of pharmaceutical related expenditures.
- The Injury Coding project, completed in 1997, captures claim injury decision codes that represent WCB’s view of what has been accepted and not accepted on a claim.

BUDGET:

$9.44 million for approved phases, $4.46 million for future phases

SPONSOR:

Compensation Services Division

TIMING:

Start: 1995
Finish: 1998

EXPECTED IMPACT/BENEFIT

- Increase the utilization of MSP billing by the medical community (for compensation-related cases)
- Improve internal business processes
- Reduce late interest charges by approximately $400,000 per year; save approximately $400,000 per year in prescription drug costs
- $5.28 million in reduced compensation costs by the year 2002
- $21.42 in administrative cost savings by the year 2002
MAJOR IT INITIATIVES

NAME: IT Infrastructure

PURPOSE AND RATIONALE:

During 1996 and 1997, the WCB made a number of changes to its technology infrastructure which were required to support the implementation of approved projects. This includes:

- MS SQL Server, NT Migration
- MF CPU
- DASD Upgrade
- UNIX-SP Frame
- Data Network-LAN WAN Phase 1
- LAN Dial Up
- Voice Network Phase 1
- Call Centre Phase 1
- Integrated FAX (Comp)

Future investments include:

- Application Middleware
- External Communications/Electronic Commerce
- Infrastructure Renewal
- Internal Communications

BUDGET:

$44.63 million for approved and future phases

SPONSOR:

Enterprise (i.e. the overall WCB, not a specific Division)


EXPECTED IMPACT/BENEFIT:

- Enables the WCB to proceed with its other approved projects; the associated benefits were included in the description of such projects
MAJOR IT INITIATIVES

NAME: Mobile Office System 3

PURPOSE AND RATIONALE:

The objective of this project is to capture most officer related documents electronically and to make improvements to the uploading and transferring of documents to WCB, including the addition of detailed time and activity reporting.

BUDGET:

$1.88 million for approved and future phases

SPONSOR:

Prevention Division

TIMING:


EXPECTED IMPACT/BENEFIT:

• $3.05 million in administrative cost savings by the year 2002
MAJOR IT INITIATIVES

NAME: Rehabilitation Service
Improvement Strategy

PURPOSE AND RATIONALE:

Several projects are included in this initiative. For example, the Psychology 3rd Party Provider project will manage the selection and referral to external Psychologists as well as track outcomes for every case. Another project will deliver an integrated system to schedule and track claimants in all programs in the Rehab Centre.

BUDGET:

$2.18 million for approved and future phases

SPONSOR:

Compensation Services Division

TIMING:


EXPECTED IMPACT/BENEFIT:

• Increase the effectiveness and utilization of the Rehab Centre

• $.41 million in reduced compensation costs by the year 2002

• $3.45 million in administrative cost savings by the year 2002
MAJOR IT INITIATIVES

NAME: Service Delivery Strategy
(including E-File)

PURPOSE AND RATIONALE:

This set of projects is aimed at improving services to injured workers. For example:

• In 1998, a decision assist system will be installed for WCB staff to speed up the process for registering a claim and adjudicating Health Care Only claims.

• A new product, ARCON, will be rolled out in late 1998 to provide objective functional testing results and automatically calculate an impairment rating.

• The Disability Awards MIS will improve the reporting and production of management information related to Code R payments, queuing priorities, aged inventory of claim files and performance measurements.

• In 1999, the focus will be to build a decision assist tool for WCB staff to process simple claims quickly and eventually handle the majority of simple claims automatically.

• The E-File project, underway since 1995, will enable electronic access to various files.

BUDGET:

68.96 million for approved phases, $9.97 million for future phases

SPONSOR:

Compensation Services Division


EXPECTED IMPACT/BENEFIT:

• Increase service levels (eg: speed up registration and adjudication)

• $192.34 million in reduced compensation costs by the year 2002

• $15.05 million in administration cost savings by the year 2002

Note: A separate Case Study provides further information on the evaluation activities associated with the E-File component of this initiative.
MAJOR IT INITIATIVES

NAME: Year 2000

PURPOSE AND RATIONALE:

This project is intended to ready the WCB’s systems for the need for 4-digit dates when the year changes from 1999 to 2000.

BUDGET:

$3.30 million

SPONSOR:

Mandatory


EXPECTED IMPACT/BENEFIT:

Not quantified
ATTACHMENT B

ASSESSMENT OF THE FLOW OF PERFORMANCE INFORMATION TO THE WCB’S GOVERNING BODY
ATTACHMENT B

<table>
<thead>
<tr>
<th>Types of Performance Information</th>
<th>Is this Information Reported Routinely to the WCB’s Governing Body?</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Yes</td>
</tr>
<tr>
<td>OPERATIONAL PERFORMANCE</td>
<td></td>
</tr>
<tr>
<td>1. What are the WCB’s overall mission, vision and values?</td>
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<tr>
<td><strong>Comment:</strong> Such information represents management’s interpretation of its mandate and it is important for the Panel to know and agree with this interpretation. That information is part of the WCB’s Strategic Plan which is reviewed annually with the Panel.</td>
<td></td>
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<tr>
<td>2. What are the WCB’s specific goals and objectives?</td>
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<tr>
<td><strong>Comment:</strong> This information, along with targets, is provided to the Panel via the WCB’s Strategic Plan and its annual Business Plan</td>
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<tr>
<td>3. To what extent are the WCB’s programs still relevant to the needs of its clients and to the WCB’s own mandate, goals and objectives?</td>
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<tr>
<td><strong>Comment:</strong> Although the WCB does track some key trends and on occasion has used this information to assess the relevance of its programs (eg: the recent exercise of examining its regulatory program), there is no routine assurances on the continued relevance of the WCB’s key programs (prevention, rehabilitation, assessment and compensation). For example, according to the Auditor General, by “monitoring key trends relating to safety in the workplace (such as the types of injuries, causes of the injuries, worker demographics and characteristics, and employer characteristics), management could compare these findings to existing prevention programs and assess whether the programs have continued relevance… For rehabilitation, trends in the nature and type of injuries could be compared to the various rehabilitation programs to ensure that the services offered are suitable.” The WCB intends to develop a plan during 1998 to respond to the need to provide more assurances about the relevance of its programs.</td>
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<tr>
<td>4. To what extent are the WCB’s 15 strategic goals being achieved?</td>
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<tr>
<td><strong>Comment:</strong> The WCB’s Strategic Plan included 15 strategic goals. Progress on achieving more than half of those goals is reported. The Auditor General provided a set of detailed suggestions as to how those goals could be measured.</td>
<td></td>
</tr>
<tr>
<td>5. To what extent is the intended outcome of “safe workplaces” being achieved?</td>
<td></td>
</tr>
<tr>
<td><strong>Comment:</strong> Monthly reports to the Panel provide several sets of data on injury rates. However, some gaps exist, including an analysis of the trends in, and cause of non-fatal injuries, the overall level of compliance with WCB regulations, and the incremental impact of the major prevention programs. The WCB has indicated that it plans to fill those gaps.</td>
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<tr>
<td>6. To what extent is the intended outcome of “fair compensation for workers” being achieved?</td>
<td></td>
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<tr>
<td><strong>Comment:</strong> No information on this issue is reported periodically to the Panel. One potential measure, as suggested by the Auditor General, is a comparison of the workers’ income prior to and after the injury. The WCB has indicated that it will examine the feasibility of reporting such information.</td>
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<tr>
<td>Types of Performance Information</td>
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<td></td>
<td>Yes</td>
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<tr>
<td>7. To what extent is the intended outcome of “successful rehabilitation and return to work” being achieved?</td>
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<tr>
<td><strong>Comment:</strong> The Panel receives information on the number of claimants returned to work and the durability of that return. However, the Panel does not receive routine information on the success of the WCB in restoring claimants to pre-injury physical and mental status. There is also a gap on the number and percentage of reopenings and on the qualitative aspects of the RTW (eg: to what extent do workers return to positions that are comparable to their pre-injury work?) The WCB plans to provide such information when the Case Management Project is completed at the end of 1999.</td>
<td></td>
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<tr>
<td>8. To what extent is the intended outcome of “a fair funding load for employers” being achieved?</td>
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<tr>
<td><strong>Comment:</strong> The Auditor General’s detailed review indicated that information on four indicators of “fairness” was not being reported. This includes the completeness of the employer registration process, the accuracy of the classification system, the completeness of the collection of assessment revenue, and the equity or fairness of the assessment rates. For example, useful data that is not yet reported includes the percentage of penalties collected, the total write-offs, the age of the accounts receivable and the collection ratio (i.e., the total assessment revenue receivable for the fiscal year divided by the total assessment income for the fiscal year). The WCB plans to fill these gaps in 1998 as part of its Employer Services Strategy.</td>
<td></td>
</tr>
<tr>
<td>9. To what extent is the intended outcome of “quality adjudication” being achieved?</td>
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<tr>
<td><strong>Comment:</strong> The Panel currently receives information on the number of appeals sent to the WCRB and on the subsequent number of “allows”. It also receives information on the number and percentage of disallowed and rejected claims. It does not receive similar information on the appeals handled by the Medical Review Department and the Appeal Division. In addition, it does not receive information on how such factors as the WCB’s policies, culture, quality assurance processes and skill base affect the quality of adjudication. The WCB plans to provide all relevant appeal statistics by 1999 and intends to provide routine assurances to the Panel on its quality control processes for adjudication.</td>
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<tr>
<td>10. To what extent is the intended outcome of “timely service” being achieved?</td>
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<tr>
<td><strong>Comments:</strong> The only timeliness indicators reported are the average number of calendar days from the date of disablement to the first payment and the percentage of all claims first paid within 17 calendar days of the date of disablement. However, these are the only aspects of the life cycle of a claim that are reported on. In addition, the use of averages can disguise problems that are occurring at the extremes. The WCB plans to report on the timeliness of all services by the end of 1998.</td>
<td></td>
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<tr>
<td>11. Are clients and stakeholders satisfied and supportive?</td>
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<tr>
<td><strong>Comment:</strong> The public’s awareness of, and support for, workplace safety and WCB regulations is surveyed regularly and the results are reported to the Panel. The Panel also receives the results of routine surveys of injured workers concerning their level of satisfaction with services in general and rehabilitation in particular. However, levels of satisfaction for other stakeholders are not reported, including employers, non-injured workers, MLAs and the medical community. The WCB plans to expand its coverage of this issue in the future.</td>
<td></td>
</tr>
<tr>
<td>12. Is the WCB administratively efficient?</td>
<td></td>
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<tr>
<td><strong>Comment:</strong> The Panel receives monthly data, by division, on its administrative expenses. A key measure is the administrative expense per $100 of covered payroll. (There are no comparisons to other jurisdictions.)</td>
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</table>
### Types of Performance Information

| Is this Information Reported Routinely to the WCB's Governing Body? |
|-------------------------|-------------------------|-------------------------|
| Yes | Partially | No |

<table>
<thead>
<tr>
<th>13. What are the WCB’s secondary (and possibly unintended) impacts on the rest of the workers’ compensation systems or on other systems (eg: health and education)</th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Comment: Most programs in the public sector have secondary impacts, positive or negative, intended or unintended. WCB management does not identify nor report on such secondary impacts.</td>
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</table>

<table>
<thead>
<tr>
<th>14. What are the WCB’s major strategic initiatives?</th>
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<tbody>
<tr>
<td>Comment: Between 1998 and 2002, the WCB plans to spend at least $250 million on a series of major strategic incentives (E-File, Case Management, ESS, etc.). All such major initiatives require the approval of the Panel. As such, each initiative’s rationale, outputs, objectives and budget are reported to the Panel.</td>
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<thead>
<tr>
<th>15. To what extent are the WCB’s major strategic initiatives achieving their intended outcomes?</th>
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<tbody>
<tr>
<td>Comment: The Panel receives routine reports on the status of the major initiatives. However, as is seen in a separate research report, there are gaps in the credibility and completeness of the information concerning the extent to which the initiatives have achieved, or are likely to achieve, the goals for which they were funded.</td>
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### FINANCIAL PERFORMANCE

<table>
<thead>
<tr>
<th>16. What are the WCB’s financial results?</th>
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<tbody>
<tr>
<td>Comment: The monthly financial reports to the Panel contain detailed information on financial performance.</td>
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<tr>
<th>17. To what extent is the intended outcome of “fully funded” being achieved?</th>
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<tbody>
<tr>
<td>Comment: The WCB’s main indicator of its financial performance and sustainability is the “funding ratio” in its Accident Fund.” This is defined as the unappropriated surplus plus reserves divided by total liabilities. The goal is to be 100% funded by the year 2000. This indicator is reported monthly to the Panel.</td>
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<tr>
<th>18. Is the return on investment appropriate?</th>
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<tr>
<td>Comment: The panel receives routine information on the performance of the WCB’s investment fund, plus comparisons to various benchmarks.</td>
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<table>
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<tr>
<th>19. Are sound financial controls in place?</th>
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<tbody>
<tr>
<td>Comment: The Auditor General observed that “The Panel should receive assurance about the integrity of internal financial controls. However, there is no reporting mechanism that provides this assurance”. WCB management plans to introduce such reports during 1998.</td>
<td></td>
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</table>

### COMPLIANCE PERFORMANCE

<table>
<thead>
<tr>
<th>20. Does the WCB comply with its governing legislation?</th>
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</thead>
<tbody>
<tr>
<td>Comment: There are no routine assurances on this issue. Management plans to address this gap in 1998.</td>
<td></td>
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<tr>
<td>Types of Performance Information</td>
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<tr>
<td></td>
<td>Yes</td>
</tr>
<tr>
<td>21. Does the WCB comply with its standards of conduct?</td>
<td></td>
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<tr>
<td><strong>Comment:</strong> Assurance relating to internal standards of conduct is currently being provided to the Panel.</td>
<td></td>
</tr>
</tbody>
</table>

**FUTURE PERFORMANCE**

22. Are assets being protected and risks managed so that the WCB’s future is safeguarded?

**Comment:** Ideally, as pointed out by the Auditor General, the Panel should receive a periodic analysis of the key business risks facing the WCB and the prevention and recovery strategies associated with those risks. Although risk is addressed implicitly in several measures, there is no periodic reporting to the Panel on the significant and specific risks faced by the WCB and its strategy to deal with those risks. Management plans to introduce such a process in 1998.

23. Do the WCB’s employees have the needed skills and diversity?

**Comment:** The WCB currently provides the Panel with an array of data on FTE levels, recruitment activity, absenteeism and grievance volume. However, there is no information on the adequacy of the skill base of the staff performing the WCB’s key functions. Management intends to fill this gap.

24. Is the working environment satisfactory for staff?

**Comment:** The WCB has completed a management and employee survey. It included a scan of morale and has reported the findings to the Panel. The WCB intends to conduct such surveys at least once a year.

25. What major strategic initiatives are planned for the future?

**Comment:** The Panel receives detailed information on future initiatives since it must approve such projects.
ATTACHMENT C

ASSESSMENT OF THE FLOW OF PERFORMANCE INFORMATION FROM THE WCB’S GOVERNING BODY
### ATTACHMENT C

<table>
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<tr>
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<td>Yes</td>
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<tr>
<td><strong>OPERATIONAL PERFORMANCE</strong></td>
<td></td>
</tr>
<tr>
<td>1. What are the WCB’s <strong>overall</strong> mission, vision and values?</td>
<td></td>
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<tr>
<td><strong>Comment:</strong> It is important for stakeholders to know management’s interpretation of its mandate. That information is now contained, once again, in the Annual Report.</td>
<td></td>
</tr>
<tr>
<td>2. What are the WCB’s <strong>specific</strong> goals and objectives?</td>
<td></td>
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<tr>
<td><strong>Comment:</strong> This information is reported to the public via the Annual Report, along with specific targets for most of its strategic goals.</td>
<td></td>
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<tr>
<td>3. To what extent are the WCB’s programs still relevant to the needs of its clients and to the WCB’s own mandate, goals and objectives?</td>
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<td><strong>Comment:</strong> Although the WCB does track some key trends and on occasion has used this information to assess the relevance of its programs (eg: the recent exercise of examining its regulatory program), there is no routine assurances on the continued relevance of the WCB’s key programs (prevention, rehabilitation, assessment and compensation). For example, according to the Auditor General, by “monitoring key trends relating to safety in the workplace (such as the types of injuries, causes of the injuries, worker demographics and characteristics, and employer characteristics), management could compare these findings to existing prevention programs and assess whether the programs have continued relevance… For rehabilitation, trends in the nature and type of injuries could be compared to the various rehabilitation programs to ensure that the services offered are suitable.” The WCB intends to develop a plan during 1998 to respond to the need to provide more assurances about the relevance of its programs.</td>
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<tr>
<td>4. To what extent are the WCB’s 15 strategic goals being achieved?</td>
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<tr>
<td><strong>Comment:</strong> The WCB’s Strategic Plan included 15 strategic goals. Progress on achieving more than half of those goals is reported. The Auditor General provided a set of detailed suggestions as to how those goals could be measured.</td>
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</tr>
<tr>
<td>5. To what extent is the intended outcome of “safe workplaces” being achieved?</td>
<td></td>
</tr>
<tr>
<td><strong>Comment:</strong> The Annual Report contains several sets of data on injury rates and on the seriousness of the reported injuries. However, some gaps exist, including an analysis of the trends in, and cause of non-fatal injuries, the overall level of compliance with WCB regulations, and the incremental impact of the major prevention programs. The WCB has indicated that it plans to fill those gaps.</td>
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<tr>
<td>6. To what extent is the intended outcome of “fair compensation for workers” being achieved?</td>
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<tr>
<td><strong>Comment:</strong> The Annual Report does not have information on this issue. One potential measure, as suggested by the Auditor General, is a comparison of the workers’ income prior to and after the injury. The WCB has indicated that it will examine the feasibility of reporting such information.</td>
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<tr>
<td>7. To what extent is the intended outcome of “successful rehabilitation and return to work” being achieved?</td>
<td>Yes</td>
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</table>

**Comment:** Prior to its 1997 Annual Report, the WCB provided little if any information on its RTW results. The 1997 Report attempts to address that gap by providing and comparing return to work rates for external providers versus its own Rehabilitation Centre and by reporting on the results of client satisfaction surveys. However, some gaps still exist, including the extent to which claimants are restored to their pre-injury physical and mental status, the number and percentage of reopenings (especially after three months for certain types of injuries), and certain qualitative aspects of the RTW (e.g., to what extent do workers return to positions that are comparable to their pre-injury work?). The WCB plans to provide such information when the Case Management project is completed at the end of 1999.

8. To what extent is the intended outcome of “a fair funding load for employers” being achieved?

**Comment:** The Auditor General’s detailed review indicated that information on four indicators of “fairness” was not being reported. This includes the completeness of the employer registration process, the accuracy of the classification system, the completeness of the collection of assessment revenue, and the equity or fairness of the assessment rates. For example, useful data that is not yet reported includes the percentage of penalties collected, the total write-offs, the age of the accounts receivable and the collection ratio (i.e., the total assessment revenue receivable for the fiscal year divided by the total assessment income for the fiscal year). The WCB plans to fill these gaps in 1998 as part of its Employer Services Strategy.

9. To what extent is the intended outcome of “quality adjudication” being achieved?

**Comment:** The Annual Report now contains information on the number of appeals to the WCRB as well as data on the number and outcomes of appeals to the Medical Review Panel. Gaps include outcome data from the WCRB and the Appeal Division (i.e., What percentage of appeal were allowed?) and information on trends in the number of claims allowed, disallowed or rejected, for all types of claims. The WCB plans to fill all these gaps by the spring of 1999.

10. To what extent is the intended outcome of “timely service” being achieved?

**Comments:** The only timeliness indicators reported are the average number of calendar days from the date of disablement to the first payment and the percentage of all claims first paid within 17 calendar days of the date of disablement. However, these are the only aspects of the life cycle of a claim that are reported on. In addition, the use of averages can disguise problems that are occurring at the extremes. The WCB plans to report on the timeliness of all services by the end of 1998.

11. Are clients and stakeholders satisfied and supportive?

**Comment:** The Annual Report describes the trend in the public’s level of support but does not indicate what that actual level of support is. The Report also includes summaries of its routine surveys of injured workers concerning their level of satisfaction with services in general and rehabilitation in particular. However, levels of satisfaction for other stakeholders are not reported, including employers, non-injured workers, MLAs and the medical community. The WCB plans to expand its coverage of this issue in the future.

12. Is the WCB administratively efficient?

**Comment:** The Annual Report includes data on the overall expenses for operating the Board as well as the administrative expense per $100 of covered payroll. In doing so, the WCB has also responded to the Auditor General’s suggestion to disclose more data on the total cost of its set of major initiatives. (There are no comparisons to other jurisdictions.)

13. What are the WCB’s secondary (and possibly unintended) impacts on the rest of the workers’ compensation systems or on other systems (e.g., health and education)?

**Comment:** Most programs in the public sector have secondary impacts, positive or negative, intended or unintended. WCB management does not identify nor report on such secondary impacts.
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<tr>
<td>14. What are the WCB’s major strategic initiatives?</td>
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</tr>
</tbody>
</table>

**Comment:** Between 1998 and 2002, the WCB plans to spend at least $250 million on a series of major strategic incentives (E-File, Case Management, ESS, etc.). The Annual Reports usually mention most of the major initiatives underway at the WCB.

15. To what extent are the WCB’s major strategic initiatives achieving their intended outcomes?

**Comment:** The Annual Reports are usually quiet on the extent to which the initiatives have achieved what they were funded to achieve.

### FINANCIAL PERFORMANCE

16. What are the WCB’s financial results?

**Comment:** The Annual Report contains detailed information on financial performance, including full audited financial statements, the comments of an independent actuary, and a detailed set of “Statistics”. We agree with the Auditor General that “accountability reporting with respect to the general communication of financial results appears adequate and appropriate.

17. To what extent is the intended outcome of “fully funded” being achieved?

**Comment:** The WCB’s main indicator of its financial performance and sustainability is the “funding ratio” in its Accident Fund.” This is defined as the unappropriated surplus plus reserves divided by total liabilities. The goal is to be 100% funded by the year 2000. This indicator is included in the Annual Report.

18. Is the return on investment appropriate?

**Comment:** The Annual Report contains detailed information on the performance of the WCB’s investment fund, plus comparisons to various benchmarks.

19. Are sound financial controls in place?

**Comment:** The current Annual Report indicates that management has “established systems of internal control to provide reasonable assurance that assets are properly accounted for and safeguarded from loss”. However, there are no statements about the adequacy and consistency of such a system of internal control. WCB management plans to provide such assurance in the 1998 Annual Report.

### COMPLIANCE PERFORMANCE

20. Does the WCB comply with its governing legislation?

**Comment:** The Annual Report has no assurances on this issue. (However, the 1997 Report does indicate that the WCB is in full compliance with relevant rules concerning compensation, severance and expense policies.) Management has indicated that an addition to the Annual Report will be made to define the WCB mandate under governing legislation and to provide annual assurance of compliance with that mandate.

21. Does the WCB comply with its standards of conduct?

**Comment:** The 1997 Annual Report describes a survey, and the results, which was conducted to identify the extent to which the WCB’s code of conduct was followed.
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<tr>
<td><strong>FUTURE PERFORMANCE</strong></td>
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<tr>
<td>22. Are assets being protected and risks managed so that the WCB’s future is safeguarded?</td>
<td></td>
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<tr>
<td><strong>Comment:</strong> The Annual Report does not address this issue.</td>
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</tr>
<tr>
<td>23. Do the WCB’s employees have the needed skills and diversity?</td>
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<tr>
<td><strong>Comment:</strong> The 1997 Annual Report identifies the WCB’s staffing level and summarizes some of the activities in place for training and for managing change. However, there is no information on the diversity of the WCB’s workforce and no information on the adequacy of the skill base of the staff performing key functions. Management intends to fill these gaps in future Annual Reports.</td>
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<tr>
<td>24. Is the working environment satisfactory for staff?</td>
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<tr>
<td><strong>Comment:</strong> The Annual Report refers to the fact that employees are surveyed to measure the effectiveness of the work climate. However, the survey results were not reported.</td>
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<tr>
<td>25. What major strategic initiatives are planned for the future?</td>
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<tr>
<td><strong>Comment:</strong> The Annual Report identifies most of the major initiatives which have been approved recently.</td>
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