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Executive summary

In this chapter, we report the results of the audits of the Workers' Compensation Board (WCB) and the Workers' Compensation Board Superannuation Plan (WCB Plan) for the year ended December 31, 2000.

In our 2000 Fall Report – Volume 3, we said we would do audit procedures directly on WCB's benefits liabilities and its compensation expense for the year ending December 31, 2000. We have completed this work. We found WCB had adequate rules and procedures to safeguard and control its assets, except that the WCB needs an adequate disaster recovery plan.

We recommend the WCB prepare an adequate disaster recovery plan. The WCB has begun work on its disaster recovery plan.

We also continue to recommend that the WCB should publish a list of persons, other than injured workers, who received money from it following the Standing Committee of Public Accounts (PAC) current minimum disclosure requirements. Alternatively, the WCB should discuss with PAC a different disclosure requirement to meet the Members of the Legislative Assembly's objectives.

Introduction

The Workers' Compensation Board (WCB) operates under *The Workers' Compensation Act, 1979* (Act). This Act establishes a mandatory no-fault compensation program for Saskatchewan workers. The Board of Directors of the WCB administers this program and manages the WCB. It also hears and adjudicates claims on appeal.

The WCB plans to include its 2000 financial statements in its 2000 annual report. The WCB's financial statements report revenues of \$230 million, expenses of \$190 million, operating surplus of \$41 million before employer rebates and legislated obligations, net surplus of \$5 million, and net assets of \$137 million.

The WCB also sponsors the Workers' Compensation Board Superannuation Plan (WCB Plan). The WCB Plan is a defined benefit pension plan. The Workers' Compensation Superannuation Board (Board) is responsible for administration of *The Workers' Compensation Board Superannuation Act*. The primary objective of the Board is to provide superannuation allowances to employees who retire and to the dependants of deceased superannuates and employees, in accordance with all governing legislation. The Public Employees Benefits Agency provides day-to-day management of the WCB Plan.

In 2000, the WCB Plan received contributions of \$0.15 million from employees. At December 31, 2000, the WCB Plan held assets of \$31.7 million and had liabilities of \$21.4 million. The WCB Plan's financial statements will be included in its 2000 annual report.

Our audit conclusion and findings

We have completed our audit of the WCB for the year ended December 31, 2000. In our 2000 Fall Report – Volume 3, we said that we would do audit procedures directly on WCB's benefits liabilities, and its compensation expense for the year ended December 31, 2000. We have completed this work. We received full co-operation from the WCB.

We worked with the appointed auditor, Deloitte & Touche, to form our opinions on the WCB and WCB Plan using the framework recommended by the *Report of the Task Force on Roles, Responsibilities and Duties of*

Auditors (to review a copy of this report, see our website at <http://www.auditor.sk.ca/rrd.html>). Our Office and Deloitte & Touche formed the following opinions.

In our opinion for the year ended December 31, 2000:

- ♦ **the financial statements of the WCB and WCB Plan are reliable;**
- ♦ **the WCB and the WCB Plan Board had adequate rules and procedures to safeguard and control their assets and to comply with the laws, except that the WCB needs an adequate disaster recovery plan; and**
- ♦ **the WCB and the WCB Plan Board complied with the authorities governing their activities relating to financial reporting, safeguarding assets, revenue raising, spending, borrowing and investing, except for pension payments to retired members who return to work for the Government (see Chapter 8 (Pensions) in this report). In Deloitte & Touche's opinion, the WCB Plan Board complied with authorities governing the WCB Plan's activities.**

We did not rely on Deloitte & Touche's opinion on the WCB Plan's compliance with the laws. *The Provincial Auditor Act* requires us to do additional work when we are unable to rely on the report of an appointed auditor. Our additional work consisted of reviewing relevant legislation and discussion with the WCB Plan's management.

We also report on another matter for the Legislative Assembly's attention relating to the public accountability of the WCB.

WCB needs disaster recovery plan

The WCB is dependent upon its computer systems. To provide continuous services, the WCB must ensure its systems and data are available when needed.

Sound contingency plans reduce the risks resulting from systems failing and business disruption. The WCB needs a written and tested

contingency plan to ensure the recovery of systems and data in case the WCB's electronic systems fail or if key service providers or suppliers' systems fail.

We also reported this matter in our 2000 Fall Report – Volume 3 and 1999 Fall Report – Volume 2.

The WCB has prepared some policies relating to computer security and disaster recovery. However, the WCB has not yet implemented those policies.

- 1. We continue to recommend the WCB should prepare an adequate disaster recovery plan and test that plan to ensure it works.**

WCB needs to provide public disclosure of payments

In our 1998 Spring Report, we reported the WCB needs to comply with the Standing Committee on Public Account's (PAC) recommendations to provide the Legislative Assembly a list of persons who received money from the WCB and the amount they received (payee information).

PAC has specified the required details of disclosure for government agencies. PAC also recommended different disclosure for certain kinds of payments on an *ad hoc* basis when PAC thinks different disclosure will not impair achieving its initial objectives for wanting payee information.

We think the Members of the Legislative Assembly (MLAs) have the following three objectives for requiring public disclosure of those persons who receive money from a government organization:

- ◆ MLAs want to monitor who gives money to political parties and who gets money from government organizations;
- ◆ MLAs want to ensure government organizations spend money objectively; and
- ◆ MLAs want to build public confidence by ensuring the use of public money is transparent.

The Legislative Assembly said that the WCB should not publish a list of the names of individuals receiving compensation. However, the WCB spends a significant amount of money on costs other than compensation such as administration. The WCB has not provided the Legislative Assembly with payee information relating to the costs of administration.

On October 6, 1998, PAC considered this matter and recommended that the WCB work co-operatively with the Provincial Auditor to consider alternative public disclosure requirements and report back to PAC at a future meeting.

We met with the WCB's management to discuss alternative public disclosure requirements for the WCB's payee information. The WCB's management told us the WCB does not consider payee information an effective accountability tool. Management also told us the better alternative is for our Office to provide assurance to the Legislative Assembly on the WCB's specific rules and procedures for buying goods and services and setting salary grids for staff and management. While we agree MLAs would find this information useful, we do not think this information alone would be sufficient to meet the MLAs objectives for wanting payee information.

We also reported this matter in our 2000 Fall Report – Volume 3 and 1999 Fall Report – Volume 2. (For more discussion, see Chapter 14 (Executive Council) of our 2000 Fall Report – Volume 3.)

2. **We continue to recommend the WCB should publish a list of persons, other than injured workers, who received money from it and the amounts the person received following PAC's current minimum disclosure amounts. Alternatively, the WCB should discuss with PAC a different public disclosure requirement to meet the MLAs objectives.**