

Main points	340
Introduction	341
Injury prevention and safety.....	341
Audit objective and criteria.....	343
Conclusion and recommendations	344
Key findings by criterion.....	345
For the Ministry's industrial safety program	345
Communicate information required for the industrial safety program	345
Evaluate information received from the Ministry.....	347
Report on the impact of the industrial safety program	348
For the other program recipients	348
Set clear expectations for recipients	348
Monitor progress of recipients.....	349
Report results of effectiveness of injury prevention and safety programs.....	350
Status of other outstanding recommendations of the Standing Committee on Public Accounts.....	351
Selected references	352

Main points

In this chapter, we concluded that the Workers' Compensation Board (WCB) had adequate processes to ensure that recipients of money for injury prevention and safety use the money for its intended purposes as at June 30, 2008 except WCB needs to:

- ◆ communicate to the Ministry of Advanced Education, Employment and Labour its requirements for the industrial safety program
- ◆ document its processes for monitoring and assessing the industrial safety program and other injury prevention and safety programs
- ◆ obtain Order in Council approval for payment of the industrial safety program costs
- ◆ document its analysis of the effectiveness of its injury prevention and safety programs

Introduction

The Saskatchewan Workers' Compensation Board (WCB) operates under *The Workers' Compensation Act, 1979* (Act). The Act establishes a mandatory no-fault compensation program for Saskatchewan workers. The members of the WCB Board are responsible for administration of the Act.

Our 2008 Report – Volume 1 includes the results of our other audit work at WCB. This chapter reports the results of our audit of WCB's processes to ensure that recipients of money for injury prevention and safety use the money for its intended purposes.

The chapter also provides an update on recommendations previously made by the Standing Committee on Public Accounts (PAC) that are not yet implemented.

Injury prevention and safety

Helping the Saskatchewan public to understand that workplace injuries are foreseeable and preventable is a responsibility that WCB shares with others.¹ In 2002, the injury rate (time loss claim rate per 100 workers) was 4.95%, the second highest in the country. A higher injury rate results in higher premium rates. Because of the high injury rate, WCB revised its strategic plan to make workplace injury prevention and safety its number one priority.² The plan included strategies to work with stakeholders towards reducing the injury rate to 4% by 2007. The actual injury rate for 2007 was 3.8% and a new target rate has been set at 3.5% by 2010.

A reduction of the injury rate from 5% in 2002 to 3.8% in 2007 resulted in about 1,300 fewer time loss claims. WCB estimates that each claim costs about \$10,000 on average; this reduction reduces WCB's claim costs by about \$13 million each year.³ Lower claim reduction costs result in lower premium rates. In 2007, the total annual payroll of all employees covered by WCB was about \$12.8 billion and the total actual premium rate was \$1.84 per \$100 of insurable earnings (payroll) resulting in premiums of \$236 million. Assuming no changes to payroll and other costs, a reduction

¹ Standing Committee on Public Accounts, Hansard Verbatim Report No.2 – January 7, 2008, page 17.

² 2006 Annual Report page 4.

³ Standing Committee on Public Accounts, Hansard Verbatim Report No.2 – January 7, 2008, page 21.

of \$13 million in premium revenue would result in an average premium rate of \$1.74, or a 5% reduction in premium rates.

The reduction in human suffering of injured workers and their families is priceless. A healthy workforce means less training and replacement costs, lower WCB premiums, and better productivity for employers resulting in improved business results. In essence, workplace injuries and deaths bring suffering and a financial burden that no one needs.⁴

WCB’s annual report states one of its key messages, is “Safety is everybody’s business”.⁵ Under the Act, WCB works with others such as the Ministry of Advanced Education, Employment and Labour (Ministry), and employers to assess and develop programs to prevent injuries. The Ministry, industrial safety associations⁶, and other organizations receive money from WCB for injury prevention and safety.

The Act requires WCB to pay an amount, as directed by Cabinet each year, for the administration of the industrial safety program established under *The Occupational Health and Safety Act, 1993*. In 2007, WCB paid \$8.0 million to the Ministry for the industrial safety program.

WCB also provides money to industrial safety associations established for injury prevention and safety. In 2007, WCB paid \$3.9 million to safety associations.

WCB charges employers for the annual cost of the industrial safety program and payments to safety associations. Payments to a safety association increases the costs of only those employers represented by that safety association. All employers share the cost of the industrial safety program.

WCB partners with the private and public sector to offer *Safe Saskatchewan*. The *Safe Saskatchewan* program focuses on the prevention of accidental injuries such as farm accidents and senior citizens’ falls. Also, WCB partners with the Ministry to jointly offer *WorkSafe Saskatchewan*, which is a program to assist in the prevention of injuries in the workplace. In addition, WCB provides the Saskatchewan

⁴ 2006 Annual Report page 5.

⁵ 2006 Annual report page 8.

⁶ Industrial safety associations are groups of employers formed to address safety concerns.

Federation of Labour approximately \$95,000 annually for *Ready for Work*. The *Ready for Work* program assists high school students become aware of the labour standards and health and safety resources available to them.

In 2006, the Committee of Review⁷ received diverse representations on the effectiveness of the industry prevention and safety associations and their education and training programs. WCB can address some of these concerns by ensuring that recipients use the money WCB gives for injury prevention and safety for the intended purposes. To do this, WCB needs processes to set out its expectations, monitor how the money is used, and monitor the success of organizations in achieving WCB’s expectations.

For the industrial safety program, it is important that WCB know the Ministry’s objectives, goals, targets, and measures. It is also important that WCB knows the Ministry’s progress towards achieving the industrial safety program objectives because this information allows WCB to ensure that its own injury prevention and safety programs address any gaps and avoid any unnecessary duplication. Also, it helps to provide the most effective injury prevention and safety programs at the least possible cost to employers and the public.

If it does not have adequate processes, WCB may not achieve its goals and objectives for injury prevention and safety. Also, it may not obtain the information needed to set premium rates.

Audit objective and criteria

The objective of our audit was to assess the adequacy of WCB’s processes as at June 30, 2008 to ensure that recipients of money for injury prevention and safety use the money for its intended purposes.

We used the criteria set out in the exhibit to assess WCB’s processes. We based our criteria on related work, reviews of literature including reports of other auditors, and consultations with management. WCB agreed with the criteria.

⁷ Section 162 of the Act requires the appointment by Order in Council of a Committee of Review, at least once every four years. The Committee of Review is to review and report on all matters concerning the Act and regulations, and administration of the Act and regulations.

Throughout the audit, we followed *The Standards for Assurance Engagements* established by The Canadian Institute of Chartered Accountants.

Exhibit—Audit criteria

To ensure recipients of money for injury prevention and safety use it for that purpose, WCB needs processes to:

For the Ministry’s industrial safety program

1. communicate information required from the Ministry
2. evaluate information received from the Ministry
3. report on the impact of the industrial safety program

For the other program recipients

1. set clear expectations for recipients
2. monitor progress of recipients
3. report results of effectiveness of injury prevention and safety programs

Conclusion and recommendations

Workers’ Compensation Board had adequate processes for ensuring recipients of money for injury prevention and safety use it for that purpose as at June 30, 2008 except for the matters covered by our recommendations below.

- 1. We recommend that the Workers’ Compensation Board formally communicate its information needs for the industrial safety program to the Ministry of Advanced Education, Employment and Labour.**
- 2. We recommend that the Workers’ Compensation Board establish processes for assessing the costs and impact of the industrial safety program on the Workers’ Compensation Board’s injury prevention and safety programs.**
- 3. We recommend that the Workers’ Compensation Board management report its assessment of the impact of the**

industrial safety program on the injury prevention and safety to the members of the Board.

4. We recommend that the Workers' Compensation Board ensure there is Order in Council approval for payment of the industrial safety program costs before paying those costs.
5. We recommend that the Workers' Compensation Board document its analysis of the effectiveness of its injury prevention and safety programs and document any changes required.

Key findings by criterion

The following describes for each criterion, our expectations (in italics), and detailed findings.

For the Ministry's industrial safety program

The Ministry of Advanced Education, Employment and Labour administers the industrial safety program established under *The Occupational Health and Safety Act, 1993*. WCB pays for the costs associated with the industrial safety program.

Communicate information required for the industrial safety program

We expected WCB to communicate the information required from the Ministry about the program including:

- ♦ *the Ministry's objectives and goals for the industrial safety program*
- ♦ *the Ministry's targets and measures the Ministry will use to assess the program*
- ♦ *estimated and actual costs for the program*
- ♦ *the Ministry's financial and operational reports for assessing the program*
- ♦ *periodic verification obtained by the Ministry of its financial and operational reports*

It is important that WCB know the Ministry's objectives, goals, targets, and measures for the industrial safety program. It is also important that

WCB knows the Ministry's progress toward achieving the industrial safety program objectives. This information allows WCB to ensure that its own injury prevention and safety programs address any gaps in injury prevention and safety and avoid any unnecessary duplication. Also, it helps to provide the most effective injury prevention and safety programs at the least possible cost to employers and the public.

We found WCB had not made a written request to the Ministry for information about the industrial safety program's goals and objectives. Nor did it ask the Ministry to provide a progress report on achieving those goals and objectives. As a result, WCB did not know the Ministry's goals and objectives for the industrial safety program and the Ministry's progress towards those goals and objectives. The Ministry provided some information about the industrial safety program through its *2007/08 Action Plan for Healthy and Safe Workplaces*.

The Ministry provides WCB with its estimated costs and actual costs for the program. The estimated cost information consists of the total annual estimated costs. The Ministry does not provide any details of the estimated costs. WCB has not requested, in writing, more detailed information. Detailed estimated costs would help WCB assess how the Ministry's program impacts WCB's own injury prevention programs. Detailed information would also help WCB to assess the actual costs of the program.

WCB should formally request information from the Ministry about the industrial safety program's goals and objectives, detailed estimated costs, and financial and operational reports to assess the success of the program.

In July 2008, WCB signed a memorandum of understanding with the Ministry. The objective of the memorandum is for the Ministry and WCB to develop an effective provincial injury prevention and safety strategy. To do so, the Ministry and WCB agree to jointly develop a strategic and operational plan and an annual budget, and annually report on their success in achieving the goals and objectives of the provincial injury prevention and safety strategy.

Evaluate information received from the Ministry

We expected WCB to evaluate the information received from the Ministry by:

- ♦ *assigning responsibility for evaluating the information*
- ♦ *maintaining guidance for evaluating the information*
- ♦ *determining how and when WCB will provide money to the Ministry*
- ♦ *assessing the impact of program costs on premium rates*
- ♦ *assessing the impact of the industrial safety program on WCB's injury prevention and safety programs*

WCB has not assigned responsibility to staff for requesting information from the Ministry except for obtaining an update of the estimated program costs. WCB uses these costs to charge employers. WCB also has not established guidance for evaluating information about the industrial safety program.

Section 82 of *The Occupational Health and Safety Act, 1993* requires WCB to pay to the General Revenue Fund by January 31 the costs that Cabinet (Order in Council) may direct, not exceeding the actual costs of the industrial safety program. WCB paid the actual costs requested by the Ministry for 2007 on January 30, 2008. WCB did not have Order in Council approval for the costs paid as required by *The Occupational Health and Safety Act, 1993*.

WCB receives annually from the Ministry a listing of actual industrial safety program costs. We found no written evidence of how WCB obtains assurance as to the accuracy of the actual industrial safety program costs it pays.

As stated earlier, WCB has not requested in writing nor received from the Ministry information about the industrial safety program. Without adequate information, WCB cannot assess the impact on its injury prevention and safety programs. Also, WCB cannot explain to its stakeholders the impact the industrial safety program has on its injury prevention and safety programs. Currently, the Ministry provides limited information on this program publicly.

Report on the impact of the industrial safety program

We expected WCB to:

- ◆ *regularly report results to the senior management and WCB's Board of Directors*
- ◆ *provide feedback to the Ministry on the industrial safety program*
- ◆ *recommend changes to WCB's programs to senior management and the Board of Directors*

WCB has not formally communicated what information it must receive from the Ministry relating to the industrial safety program. As a result, WCB's senior management and the members of the Board receive only the estimated total cost of the industrial safety program and the amounts WCB paid.

For the other program recipients

WCB pays for various injury prevention and safety programs including *WorkSafe Saskatchewan*, *Safe Saskatchewan*, *Ready for Work*, and industry specific safety associations.

Set clear expectations for recipients

We expected WCB to:

- ◆ *establish program objectives (consistent with WCB's goals and objectives and legislative requirements, if any)*
- ◆ *set out how progress towards program objectives will be assessed (e.g., targets and measures)*
- ◆ *communicate to recipients the authority and responsibility of each party*
- ◆ *estimate costs for safety and injury prevention programs*
- ◆ *describe how and when WCB will provide money to recipients*
- ◆ *set out reports recipients must submit (e.g., nature, extent, and timing of financial and performance reports)*
- ◆ *set out actions WCB would take if the recipient agency does not spend money as expected*

WCB's strategic plan highlights injury prevention programs as a key part of its strategies. WCB has agreements with recipients of money for injury prevention and safety. These agreements outline the responsibilities of

each party including the reports that each party must submit to WCB. WCB budgets for the costs of these programs. WCB’s safety association funding policy describes how and when it provides money. It also sets out actions WCB would take if the recipient agency does not spend money as expected.

Safety associations set their targets and measures for injury prevention and safety programs. WCB reviews the targets and measures for consistency with the safety association’s goals and objectives.

Monitor progress of recipients

We expected WCB to:

- ◆ *assign responsibility for monitoring in writing*
- ◆ *maintain current written guidance for monitoring recipient agencies*
- ◆ *assess compliance of each recipient agency with expectations*
- ◆ *assess periodically the impact of recipient agencies’ use of program money on WCB’s progress toward reducing injury rates*
- ◆ *analyze periodically the performance of the injury prevention and safety initiatives (e.g., impact of costs on premium rates)*
- ◆ *obtain periodic verification of recipient agencies’ reports*

WCB’s agreements with the safety associations require them to submit a plan and budget, provide prevention and safety programs to its members, and report periodically to WCB on the status of its safety and prevention programs. The agreements also specify verification requirements for the reports. WCB receives the required information from the safety associations.

Management told us that WCB monitors the activities and progress of the safety and prevention programs to ensure that the money provided is used effectively for workplace safety and injury prevention. WCB noted it does this through review of reports, meetings with the recipients of the money, and e-mail communications.

WCB provides guidance to staff for monitoring recipient progress through policies and procedures. For example, the safety associations are required to provide quarterly operational reports to WCB management. However, WCB needs to document the steps staff should complete to

analyze the impact of the program on other safety and prevention programs.

Report results of effectiveness of injury prevention and safety programs

We expected WCB to:

- ◆ *report program and recipient agencies results regularly to senior management and WCB's Board of Directors*
- ◆ *provide feedback to the recipient agencies on their performance*
- ◆ *report results of programs publicly*
- ◆ *recommend changes to programs to senior management and the Board of Directors*

On an overall basis, WCB reports publicly on the progress towards achieving its goal of reducing the injury rate. Its 2007 annual report states that the number of time loss injuries per 100 workers continues to drop.⁸ WCB has set targets and continually reports on the status of achieving those targets. WCB also has its own initiatives for injury prevention and safety. WCB has outlined a number of initiatives in its strategic plan relating to injury prevention and safety. For example, WCB has a goal of increasing the number of industrial safety associations in the province.

WCB management provides its Board of Directors a summary of annual reports and presentations from safety associations. The summary annual reports show the progress toward targeted rate reductions by safety association. Minutes of meetings of the members of the Board and senior management show their review of these reports.

WCB management provides feedback to safety associations about their performance. WCB also uses information safety associations provide to assess the impact on WCB's programs. However, WCB has not documented the impact of any required changes to its programs as result of the safety association performance. Accordingly, we do not know if WCB has fully assessed the effectiveness of those programs and what changes, if any, it required to make them better.

⁸ 2007 annual report, page 21.

Status of other outstanding recommendations of the Standing Committee on Public Accounts

The following table provides an update on recommendations previously made by the Standing Committee on Public Accounts (PAC) that are not yet implemented and not included elsewhere in this chapter.⁹

PAC REPORT YEAR ¹⁰	OUTSTANDING RECOMMENDATION	STATUS
Cross-Government (Pensions)		
1996	<p>CR9. The Government should use consistent estimates for COLA (Cost of Living Adjustments) increases and inflation to calculate the pension liability for its defined benefit pension plans.</p> <p>On March 31, 2000, during review of Chapter 8 of our Spring 2000 Report, PAC considered and agreed that the Government should work towards using consistent estimates for inflation for all of its defined benefit plans.</p>	<p>Partially implemented (as at March 31, 2008).</p> <p>Plans have consistent estimates of inflation except for the Pension Plan for the Employees of the Saskatchewan Workers' Compensation Board.</p>

⁹ For the definitions of the key terms used in the table, see Chapter 21 – Standing Committee on Public Accounts.

¹⁰ PAC Report Year refers to the year that PAC first made the recommendation in its report to the Legislative Assembly.

Selected references

Provincial Auditor of Ontario (2001). Chapter 3.05 - Reports on Value-for-money (VFM) Audits. Community and Social Services. *Violence Against Women Program*. Toronto: Author.

Provincial Auditor of Ontario (2000). Chapter 3.10 - Reports on Value-for-money (VFM) Audits. Health and Long-Term Care. *Health Service Organization and Primary Care Network Programs*. Toronto: Author.

Provincial Auditor Saskatchewan. *2005 Report – Volume 3* (2005). Chapter 4 – Community Resources and Employment. Regina: Author.

Saskatchewan Workers’ Compensation Board. *2007 Annual Report*. Regina: Author.

Saskatchewan Workers’ Compensation Board. *2006 Annual Report*. Regina: Author.

Saskatchewan Workers’ Compensation Board. *Report to Stakeholders 2006*. Regina: Author.