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Main points

This chapter describes the results of our 2010 audit of Workers’ Compensation Board’s (WCB) and its Pension Plan, and our follow-up of management’s actions on recommendations we made in 2008 related to WCB’s processes for injury prevention and safety.

In our 2008 Report – Volume 3, we reported the results of our audit of the WCB processes to ensure that recipients of money for injury prevention and safety use the money for its intended purposes. We made five recommendations. In 2011, we assessed the progress WCB has made to address our recommendations. WCB has implemented all of our recommendations.

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.

WCB sponsors the Pension Plan for the Employees of the Saskatchewan Workers’ Compensation Board (Pension Plan). The Pension Plan is a defined benefit pension plan (closed to new members since 1978). WCB is responsible for administration of the Pension Plan under *The Pension Benefits Act, 1992*. The primary objective of the Pension Plan is to provide pensions to retired employees and the dependents of deceased pensioners. Day-to-day administration of the Pension Plan is provided by the Public Employees Benefits Agency.

The WCB included its 2010 financial statements in its 2010 annual report. Those financial statements report revenue of \$294.9 million, expenses of \$282.8 million, and an operating surplus of \$12.1 million. At December 31, 2010, the WCB had investments of \$1,412.1 million and net assets of \$301.5 million.

The annual report for the Pension Plan includes its financial statements for the year ended December 31, 2010. Those financial statements report employees contributions of \$0.1 million and pensions of \$1.7 million. At December 31, 2010, the Pension Plan held assets of \$36.3 million, including investments of \$36.0 million and owed accrued pension benefits of \$36.4 million.

This chapter describes the results of our 2010 audit of WCB and the Pension Plan, and our follow-up of management’s actions on recommendations we made in 2008 related to WCB’s processes for injury prevention and safety.

Audit conclusions and findings

To form our opinions on WCB and the Pension Plan, our Office worked with their appointed auditor, KPMG LLP. We used the framework recommended by the *Report of the Task Force on Roles, Responsibilities, and Duties of Auditors*.¹

In our opinion, for the year ended December 31, 2010:

- ◆ **The WCB had adequate rules and procedures to safeguard its and the Pension Plan's public resources**
- ◆ **The WCB complied with the authorities governing its activities and the activities of the Pension Plan relating to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing**
- ◆ **The financial statements for WCB and the Pension Plan are reliable**

Injury prevention and safety—a follow-up

In 2007, we assessed WCB's processes to ensure that recipients of money for injury prevention and safety use the money for its intended purposes. Our 2008 Report – Volume 3, Chapter 19 concluded that WCB had adequate processes except for the matters covered by our recommendations.

We recommended that WCB:

- ◆ ***Formally communicate its information needs for the industrial safety program to the Ministry of Labour Relations and Workplace Safety (Ministry)***
- ◆ ***Establish processes for assessing the costs and impact of the industrial safety program on the Workers' Compensation Board's injury prevention and safety programs***

¹ To view this report, see our website at www.auditor.sk.ca/rrd.html.

- ◆ ***Report to the members of the Board its assessment of the impact of the industrial safety program on injury prevention and safety***
- ◆ ***Ensure there is Order in Council approval for payment of the industrial safety program costs before paying those costs***
- ◆ ***Document its analysis of the effectiveness of its injury prevention and safety programs and document any changes required*** (2008 Report – Volume 3)

On December 9, 2008, the Standing Committee on Public Accounts agreed with our recommendations.

Status – As at February 28, 2011, WCB has implemented all of the recommendations.

We describe below the steps WCB has taken to implement our recommendations.

Communicate information needs to the Ministry

In July 2008, WCB signed a memorandum of understanding (MOU) with the Ministry of Labour Relations and Workplace Safety (Ministry). The objective of the MOU is for the Ministry and WCB to develop an effective provincial injury prevention and safety strategy. The MOU provides for the Ministry and WCB to jointly develop a strategic and operational plan and an annual budget, and regularly report on their success in achieving the goals and objectives of the provincial injury prevention and safety strategy to the WCB Board and the Ministry.

The MOU established a Steering Committee and a Working Group. Both WCB and the Ministry participate in the Steering Committee and Working Group. These groups developed a strategic and operational plan along with action plans that outlines the steps WCB and the Ministry need to achieve the objectives and targets outlined in the strategic and operational plan.

Through the Steering Committee and the Working Group, WCB is able to communicate its information needs for the industrial safety program to the Ministry.

Processes for assessing costs and impact of the industrial safety program

As mentioned above, the Steering Committee and Working Group developed action plans to enable WCB and the Ministry to achieve the objectives and targets outlined in the strategic and operational plan.

The strategic and operational plan specifies targets and action plans to achieve those targets. The Working Group reports to the Steering Committee on the achievement of those targets. For example, WCB set a target of 8.85% for the total injury rate. WCB uses the trend of the injury rate as a key factor in setting its premium rates. The 2010 progress report shows that WCB met its target for all four quarters of 2010. The Ministry and WCB use these results as a basis for developing future action plans and targets. WCB assesses the costs of the program and its impact on injury prevention and safety. If there are areas where the Ministry does not have the resources to carry out certain actions, WCB will do the work directly. This is reflected in the action plans.

Reporting to the Board the impact of the industrial safety program

The members of the Board of WCB receive periodic reports on the status of planned activities and actual outcomes. Reports show injury rates compared to targets and outline progress in increasing public awareness of injury prevention.

In addition to reporting to the Board, WCB has published on its website the strategic and operational plan as well as various reports that describe progress in meeting its targets.

Order in Council approval for industrial safety costs

WCB has obtained Order in Council approval for the amounts paid to the Ministry for the cost of the industrial safety program.

Analysis of effectiveness of industrial safety programs

WCB, through its Working Group, analyzes the effectiveness of the actions taken and reports the results regularly to WCB and the Ministry.