

Chapter 6

Finance—Public Employees Benefits Agency

1.0 MAIN POINTS

This chapter reports on a matter identified during our audits of certain pension and benefit plans that the Ministry of Finance—Public Employees Benefits Agency (PEBA) administers.

During 2017-18, PEBA did not have written procedures for verifying the completeness and accuracy of plan participants' data before providing the data to the actuaries.

Providing incomplete or inaccurate plan participant information increases the risk of inaccurate estimates of pension or benefit obligations, which may in turn impact decisions about the funding status of a plan, and accuracy of its financial statements.

2.0 INTRODUCTION

The Public Employees Benefits Agency is a branch within the Ministry of Finance.

Under *The Financial Administration Act, 1993*, PEBA operates and administers 34 government pension and benefit plans for employees of the Government of Saskatchewan and certain employees of municipal governments.^{1,2} It serves about 90,000 members and beneficiaries. **Section 4.0** lists plans it administered at June 2018.

Employers and participants rely on PEBA to properly administer these plans, and provide benefits to which plan participants are entitled (e.g., medical claim and retirement benefits). Pension and benefit plan participants include active, inactive, and deferred members; pensioners; surviving spouses; and dependents.

PEBA employs about 136 full-time equivalent employees at a cost of approximately \$17.6 million annually.^{3,4}

3.0 KEY FINDING AND RECOMMENDATION

3.1 Procedures to Verify Plan Participant Data Needed

PEBA does not have documented procedures for evaluating the integrity of plan participants' data before providing the data to the actuaries for the purposes of estimating the pension or benefit obligations (i.e., the amounts owed to plan participants).

We found that PEBA's process to verify the completeness and accuracy of participant data provided to actuaries is limited to determining whether the total number of plan

¹ *The Financial Administration Act, 1993*, s.64(1).

² www.peba.gov.sk.ca/about/PEBA.html. (29 June 2018).

³ Public Employee Benefits Agency Revolving Fund Financial Statements for the year ended March 31, 2018.

⁴ Employee information provided by PEBA management on June 29, 2018.



participants in each category (e.g., active, pensioners, beneficiaries, deceased) per its records agreed with information in each plan's actuarial valuation.

PEBA, along with governing bodies of each plan, consider the estimated pension or benefit obligation to help determine each plan's funding status (that is, how much money is needed to pay for the expected benefits owed and from whom), and in preparing each plan's financial statements.

For each plan, PEBA obtains and maintains key information about plan participants (e.g., salary, years of service, employer and employee contributions, date of birth, gender, marital status, name and gender of beneficiary, name of employer). It uses this information in its administration of each plan, and in determining benefits owed to plan participants. For defined benefit plans, it hires actuaries to estimate a plan's pension or benefit obligations.⁵

For four plans we audited, our testing of the completeness and accuracy of participant data that PEBA provided to its actuaries identified numerous instances of incomplete and inaccurate data.⁶ We found the data was incomplete (e.g., missing marital status, spousal birth dates) or inaccurate (e.g., indicated members were married when they were single or widowed).

For each of the four plans with identified incomplete/inaccurate data, we estimated that the impact of the identified incomplete or inaccurate data on the plan's pension or benefit obligation was not material. For example, we estimated the pension obligation of the Public Service Superannuation Plan of \$1.8 billion was initially overstated by a net amount of about \$400,000 (consisting of a \$2.5 million understatement due to incomplete data and a \$2.9 million overstatement due to inaccurate data).

Because actuaries use participant data (including marital status and spousal birth dates) to estimate a plan's pension/benefit obligation, PEBA must verify this information is complete and accurate. Incomplete or inaccurate plan participant information increases the risk of inaccurate estimates of pension or benefit obligations, which may in turn impact decisions about the funding status of a plan, and accuracy of its financial statements.

- 1. We recommend that the Public Employees Benefits Agency have written procedures for verifying the completeness and accuracy of pension and benefit plan participant data before providing it to the actuaries.**

⁵ A defined benefit plan is where an employee's pension/benefits payments are calculated based on a prescribed formula typically based on length of service and the salary earned at the time of retirement.

⁶ The Public Service Superannuation Plan (including the Anti-Tuberculosis League Superannuation Plan and the Saskatchewan Transportation Company Employees Superannuation Plan), the Saskatchewan Pension Annuity Plan, the Liquor Board Superannuation Plan, and the Judges of the Provincial Court Superannuation Plan.

4.0 PENSION AND BENEFIT PLANS PEBA ADMINISTERED AT JUNE 2018

Pension Plans:

Anti-Tuberculosis League Superannuation Plan
 Capital Pension Plan
 Judges of the Provincial Court Superannuation Plan
 Liquor Board Superannuation Plan
 Members of the Legislative Assembly Benefits
 Municipal Employees' Pension Plan
 Pension Plan for the Employees of the Saskatchewan Workers' Compensation Board
 Public Employees' Pension Plan
 Public Service Superannuation Plan
 Saskatchewan Pension Annuity Plan
 Saskatchewan Transportation Company Employees Superannuation Plan
 The Power Corporation Superannuation Plan

Benefit Plans:

Crown Investments Corporation of Saskatchewan Benefits Plan
 Extended Health Care Plan
 Extended Health Care Plan for Certain Other Employees
 Extended Health Care Plan for Certain Other Retired Employees
 Extended Health Care Plan for Retired Employees
 Government of Saskatchewan and Canadian Union of Public Employees Local No. 600-3 and Local 600-5 Benefit Plans' Surplus Fund
 Government of Saskatchewan and Saskatchewan Government and General Employees' Union Benefit Plans' Surplus Fund
 Government of Saskatchewan Scheduled Aircraft Plan
 Government of Saskatchewan Unscheduled Aircraft Plan
 Public Employees Deferred Salary Leave Plan
 Public Employees Dental Plan
 Public Employees Disability Income Plan
 Public Employees Group Life Insurance
 Saskatchewan Government Insurance Service Recognition Plan
 Saskatchewan Water Corporation Retirement Allowance Plan
 SaskEnergy Retiring Allowance Plan
 SaskPower Designated Employee Benefit Plan
 SaskPower Millennium Plan
 SaskPower Severance Pay Credits Plan
 SaskPower Supplementary Superannuation Plan
 SaskTel Retirement Gratuity Plan
 Water Security Agency of Saskatchewan Retirement Allowance Plan

Source: www.peba.gov.sk.ca/about/PEBA.html (29 June 2018).

