

*Workers' Compensation Board
of British Columbia*

Accountability Reporting Review

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OFFICE OF THE
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Contents

Executive Summary	1
Introduction.....	6
Background	6
Mandate and Direction of the WCB	11
Mandate and Legislative Compliance.....	11
Mission, Vision, Values, and Standards of Conduct.....	11
Strategic Goals.....	13
Relevance of WCB Programs and Regulations	13
Outputs and Outcomes of the WCB	16
Adequacy of Compensation to Injured Workers.....	16
Resortation of Injured Workers to Pre-injury Status.....	16
Safety in the Workplace	17
Fairness of Funding Load.....	20
Financial Sustainability	23
Quality of Adjudication	25
Service Quality	27
Public Awareness	29
Efficiency.....	29
Secondary Impacts	31
Organizational Capacity	32
Human Resources	32
Quality of Information.....	33
Risk Management.....	34

– continued

Contents – continued

Appendices

Appendix A: Recommendations.....	35
Appendix B: The Accountability Framework.....	44
Appendix C: The Twelve Attributes of Effectiveness	47
Appendix D: The Criteria of Control	49
Appendix E: Logic Models.....	52
Appendix F: Assessment Criteria.....	58
Appendix G: WCB Reporting on Strategic Goals	64

Executive Summary

The Office of the Auditor General was invited by management of the Workers' Compensation Board (WCB) to provide an independent assessment of the accountability information they provide to the Panel of Administrators (the Panel), through a number of reporting mechanisms, and to the external stakeholders, through the annual report. (We restricted our review to the annual report because, at the outset, it was agreed that the annual report was the prime mechanism for accountability reporting.)

We acknowledge the innovative thinking of WCB management in inviting our Office to provide an independent assessment of its performance measures. We accepted the invitation willingly because we believe that, in the future, stakeholders will be concerned with the reliability of the performance information being provided by management, and, as a result, the role of auditors will be to provide this assurance to the stakeholders.

Given the innovative nature of this exercise, we undertook the work in a spirit of mutual learning with the WCB, and we acknowledge the assistance of the WCB in providing support for the project. The method of assessment we used was experimental, as there is no well-established body of experience and practice in this area. We describe our methodology in the "Introduction" chapter of the detailed report.

Our conclusions should be read in context. The art of performance measurement in the public sector is in an early stage of development. Many organizations have not yet begun to address key areas of performance, such as outcomes, quality of outputs, and service quality. In our view, management of the WCB has made considerable advances compared to many other organizations in British Columbia in identifying key performance measures.

In providing our recommendations, we recognize the potential for WCB stakeholders to be overloaded with data. We have some suggestions to offer in this regard. First, the frequency with which each information set is provided should be reviewed carefully. The readers should not receive information more frequently than decision making requires. Second, the information should be layered. If high-level indicators should prompt stakeholders to seek further information and analysis, the more detailed information should be made accessible to them, rather than providing all the information repetitively. Third, every attempt should be made to provide information in graphic format, as this is the most efficient means of communicating most of the information that WCB provides. (In fact, most of the WCB's existing key performance indicators are presented in this manner.) Finally, the costs of gathering the information should be weighed against the benefits. Some of the longitudinal outcome information that we suggest can be expensive and difficult to collect, and therefore reporting cycles of longer than one year may be appropriate for these.

We understand that discussions between management and governing body members have occurred in the past, with regard to the content, style, and frequency of accountability information. We encourage this dialogue to continue. We also would encourage the Panel to consider innovative means of getting to understand the organization and its programs, such as site visits and "Town Hall" meetings with stakeholders and staff.

Our overall conclusions follow.

Assessment of the Accountability Reporting

We reviewed recent samples of accountability reports provided to the Panel and the 1996 annual report and statistical summary and compared them to our criteria, which were based on the accountability framework described in the joint report of the Deputy Ministers' Council and the Auditor General. From our criteria, we identified the following key areas of accountability for the WCB:

- ❖ Mandate and Direction of the WCB
 - Mandate and legislative compliance
 - Mission, vision, values, and standards of conduct
 - Strategic goals
 - Relevance of WCB programs and regulations

- ❖ Outputs and Outcomes of the WCB
 - Adequacy of compensation to injured workers
 - Restoration of injured workers to pre-injury status
 - Safety in the workplace
 - Fairness of funding load
 - Financial sustainability
 - Quality of adjudication
 - Service quality
 - Public awareness
 - Efficiency
 - Secondary impacts

- ❖ Organizational Capacity
 - Human resources
 - Quality of information
 - Risk management

We found that the information contained in the reporting to the Panel is substantially complete in that it addresses most of these key areas of performance of the WCB, while accountability reporting in the annual report is less complete.

We recommend that the following areas of performance should be included or enhanced in the accountability reporting of the WCB. Our detailed recommendations are contained within the detailed report and summarized in Appendix A.

Mandate and direction of the WCB

- ❖ We recommend that the WCB discuss its interpretation of its mandate in the annual report.
- ❖ We recommend that the WCB report on its internal climate: the culture, attitudes, values, and skill base for key functions, such as benefit entitlement and rehabilitation.
- ❖ We recommend that WCB provide periodic assurance of the continued relevance, that is, the fit between the needs of clients and the services provided by WCB programs, especially in prevention and rehabilitation.

Outputs and outcomes of the WCB

- ❖ We recommend that the WCB enhance its reporting on key corporate outcomes, including adequacy of compensation to injured workers, restoration of injured workers to pre-injury status, safety in the workplace, fairness of the funding load, and financial sustainability.
- ❖ We recommend that the WCB provide assurance on the quality of adjudication to its stakeholders.
- ❖ We recommend that the WCB enhance its reporting on service quality.
- ❖ We recommend that the WCB measure and report on public awareness of the WCB's mission, vision, values, and goals, as well as WCB regulations, and awareness of workplace safety issues.
- ❖ We recommend that the WCB enhance its current reporting on overall efficiencies.
- ❖ We recommend that the WCB identify and report on significant secondary impacts.

Organizational capacity

- ❖ We recommend that the WCB enhance its current reporting on human resource management, management information, and risk management.

In certain cases, we have recommended that the WCB address areas of performance, but we were unable to suggest specific measures or methodologies, as it would take considerably more time than we had available. In the short run, we have chosen to point to these areas of performance and to suggest that WCB management begin to explore how to measure performance in these new areas. We acknowledge the challenge of developing and reporting on these new areas. We wish to emphasize that it will require a long-term commitment on the part of the WCB, involving significant time and resources, integration and cooperation of each division within the WCB, and the cooperation of its external stakeholders. However, as WCB has already taken the first steps in developing appropriate performance measures and inviting our office to assess them, we believe that it will also be able to take the next steps required to ensure that it is fully accountable to its stakeholders.



Introduction

Background

Performance measurement, accountability and the WCB

The Workers' Compensation Board (WCB) has been the subject of considerable public attention in recent years, much of which has focused on specific cases and executive compensation packages, as well as more general performance issues such as fairness and efficiency. Also an issue—and the reason for this report—has been the perception held by some commentators of a lack of accountability of the WCB.

The WCB should be accountable at two main levels:

1. the specific level, where it is accountable for its performance on particular cases and issues; and
2. the broader level, where it is accountable for its performance overall.

At both of these levels, it must report to a number of individuals and groups, notably its clients (injured workers and employers) and its stakeholders [Members of the Legislative Assembly (MLAs), the Panel of Administrators, the medical community, and worker and employer groups].

In this assessment, we addressed how well the WCB is providing information to its stakeholders on its overall performance.

Performance measurement, accountability and the Office of the Auditor General

The Office of the Auditor General has been an active proponent of performance measurement and enhanced accountability in government for many years. In the mid 1980s, we conducted a detailed review of ministry annual reports, and since then have maintained a close watch over accountability in government.

In recent years, the Office has also engaged in a joint exercise with the Deputy Ministers' Council to develop a comprehensive accountability framework for ministries and Crown corporations. Work is continuing in this endeavor.

Objective of review

Given the Office's work in this area, the management of the WCB requested that the Auditor General assess the appropriateness of the current accountability information being provided by the WCB to its stakeholders.

Scope of the assessment

In conducting our assessment, we reviewed the following WCB reporting mechanisms:

- ❖ the 1996 annual report;
- ❖ the Key Performance Indicators (KPI) reports, which are prepared monthly for the Panel of Administrators;
- ❖ the Corporate Business Plan, which is provided to the Panel annually;
- ❖ *Transforming the Workers' Compensation Board of British Columbia: A Strategic Plan*, prepared by the Senior Executive Committee of the WCB and approved by the Panel; and
- ❖ reports to the Panel and its sub-committees and minutes of the meetings of those committees.

We are also aware that the Panel receives other reporting on an ad hoc basis. For the purposes of this assessment, we did not review that reporting and therefore cannot provide assurance about it.

We also reviewed the results of a survey done by WCB management of the governance reports provided by other workers' compensation jurisdictions.

We did not audit the accuracy of the data presented in any of the reporting to the Panel or in the annual report, nor did we address the timeliness of the reporting. We also could not assess the accuracy of the contextual information and explanations provided to the Panel by WCB management, and we did not review the appeal process.

Finally, we wish to reiterate that the assessment did not address the individual accountability relationships that exist between the WCB, its clients and stakeholders, for specific cases or issues. The assessment was concerned only with the reporting of organizational performance as a whole.

Assessment methodology: the challenges, and how we dealt with them

To conduct our assessment, we needed a methodology and a set of criteria against which to compare present performance reporting. Had this been restricted to financial reporting, we would have had both a well-developed methodology and a readily available set of criteria—generally accepted accounting principles. Because it was an assessment of all aspects of accountability information, however, we had neither.

We therefore addressed these challenges in the following ways.

First, to create criteria, we used the accountability framework designed by the Deputy Ministers' Council and our Office. Information about this framework is contained in Appendix B to this report. We also used two supplemental sources: the "Twelve Attributes of Effectiveness," designed by the Canadian Comprehensive Auditing Foundation (CCAF), and the "Criteria for Control," designed by the Canadian Institute of Chartered Accountants. These gave us guidelines for identifying generic measures of performance for public sector organizations. Information about these two frameworks is provided in Appendix C and D respectively.

Second, to develop a method for applying these frameworks to the WCB in particular, we analyzed the business of the WCB through a review of documentation and interviews with senior management. We also drew up summary logic models of key activities, showing inputs, activities, outputs and intended outcomes. The completed logic models are presented in Appendix E.

Using all these sources, we produced a tentative list of performance measures for the WCB. We then interviewed members of the WCB Panel of Administrators, MLAs, and

representatives of worker and employer groups, to determine what areas of WCB performance reporting they were interested in, and to validate or amend the measures we had identified.

We used the feedback, in combination with the results of our analysis, to develop the final list of performance measures. These are shown in Appendix F. It was against these measures that we compared the current accountability reporting provided to the Panel and the annual report. For external reporting mechanisms, we restricted our review to the annual report because, at the outset, it was agreed that the annual report was the prime mechanism for accountability reporting.

Selected performance measures and report structure

From our criteria, we identified three key areas of performance for which the WCB should be accountable:

- ❖ Mandate and Direction of the WCB
 - Mandate and legislative compliance
 - Mission, vision, values, and standards of conduct
 - Strategic goals
 - Relevance of WCB programs and regulations
- ❖ Outputs and Outcomes of the WCB
 - Adequacy of compensation to injured workers
 - Restoration of injured workers to pre-injury status
 - Safety in the workplace
 - Fairness of funding load
 - Financial sustainability
 - Quality of adjudication
 - Service quality
 - Public awareness
 - Efficiency
 - Secondary impacts
- ❖ Organizational Capacity
 - Human resources
 - Quality of information
 - Risk management

The criteria for each of these areas are listed in Appendix F.

The remainder of this report contains the findings of our assessment of the WCB's accountability reporting, arranged by performance area. Within each of the following three chapters, we have identified the performance areas of interest that should be addressed, as well as our findings and recommendations. All recommendations are also summarized in Appendix A.

Our conclusions should be read in context. The art of performance measurement in the public sector is in an early stage of development. Many organizations have not yet begun to address key areas of performance, such as outcomes, quality of outputs, and service quality. In our view, management of the WCB has made considerable advances compared to many other organizations in British Columbia in identifying appropriate key performance measures.



Mandate and Direction of the WCB

Mandate and Legislative Compliance

Management of the WCB should provide both the Panel and the external stakeholders with periodic analysis of the relevance and clarity of the legislation governing the WCB, pointing out where changes are necessary.

Our understanding is that this analysis does happen on an as-needed basis (e.g., the current Royal Commission), and the findings are reported to the Panel, but they have not been included in the annual report for the benefit of the external stakeholders.

Management should provide periodic assurance that the WCB is in compliance with the governing legislation. To our knowledge, this assurance is not currently provided.

Recommendation

- 1. We recommend that the WCB continue to periodically analyze the relevance and clarity of the legislation and mandate governing the WCB and report the findings to the Panel and in the annual report. WCB should also provide assurance about its compliance with governing legislation.**

Mission, Vision, Values, and Standards of Conduct

The WCB's mission, vision, and values represent management's interpretation of its mandate and are important for stakeholders to know.

We understand that the WCB's mission, vision, and values are the subjects of periodic reviews, and that the WCB's strategic plans are reviewed annually with the Panel. The annual report, on the other hand, no longer contains the WCB's statement of mission, vision, or values (previous annual reports contained this information).

Associated with the WCB's values are its standards of conduct. Stakeholders are interested in receiving assurance that the WCB is behaving ethically and complying with relevant laws. However, means of assessing performance in this area are generally not well known or developed.

We found that assurance relating to internal standards of conduct is currently being provided to the Panel, although information on the subject is not reported in the annual report. As well, the WCB does not have any standards of conduct relating to client services.

Our analysis suggests that values and culture within the WCB are of prime importance to stakeholders and drive decision-making in significant ways. For example, the values, beliefs, and traditions of the adjudicators have a considerable effect on their decisions and, therefore on their clients as well. We did not see any assessment of these factors being measured and reported.

Recommendations

- 2. We recommend that the WCB mission, vision, and values be included in the annual report to the Legislative Assembly.**
- 3. We recommend that WCB management report on its code of conduct in the annual report and confirm that the code has been adhered to in all material respects. The possibility of conducting an independent "ethics audit" should also be considered.**
- 4. We recommend that the WCB identify key cultural and value dimensions of the organization. WCB management should include in staff surveys a measurement of staff perception of the importance of values and the extent to which they perceive that they are being adhered to by themselves or their colleagues. Management should also identify key service and performance values, competencies, and principles for each key decision making role and report on reinforcement and education activity, as well as client perceptions regarding the exercise of these**

values (e.g., whether claims are handled fairly, compassionately, courteously, and expeditiously).

Strategic Goals

Corporate direction is also reported through the identification and monitoring of corporate strategic goals. The WCB has identified fifteen strategic goals in its strategic plan. The current reporting to the Panel provides indicators for eleven of the fifteen strategic goals, while the annual report contains information on eight of the goals. In both cases, however, many of the indicators would benefit from some enhancements. For example, although the WCB currently surveys and reports on the aggregate level of client satisfaction, we have recommended that this be expanded to include employers, stakeholders, and all workers and that further segmentation should be considered to provide more meaningful information.

Our analysis and recommendations for making enhancements and additions to the indicators are provided in Appendix G. All of these recommended additions and enhancements are also detailed elsewhere in the report.

Recommendation

- 5. We recommend that the WCB develop and report on indicators with respect to the extent to which the fifteen strategic goals in the annual report and in the reporting to the Panel are being met.**

Relevance of WCB Programs and Regulations

We believe that the relevance of WCB programs and regulations should be assessed periodically by management and reported appropriately.

Relevance of WCB programs

To measure relevance, management must track program activities and key client trends that may affect the continued relevance of the programs. For example, 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. If the trends indicated, for instance, that the most common injuries in the construction industry involved falling, then this would alert management to review the current level and type of prevention activities focused on reducing the frequency of falling injuries at construction sites. 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.

We found that the WCB does track some key trends and on occasion, has used this information to assess the relevance of its programs. However, it is not clear whether this level of assessment is conducted on a regular basis or reported to the Panel or the external stakeholders.

Recommendation

- 6. We recommend that management provide periodic assurance on the continued relevance of WCB programs, such as prevention, rehabilitation, assessment, and compensation. To assess program relevance, management should track and report on key worker, employer, and environmental factors and compare these trends to WCB program activity types and levels to assess the relevance of WCB programs in light of this information. Activity levels and trends, such as the number of hours dedicated to inspections versus education, should be reported in a manner that allows the reader to compare this information to the trends in needs, such as workplace safety, injury types, and injury severity.**

Relevance of WCB regulations

The continued relevance of WCB regulations should also be of key importance to both the Panel and the external stakeholders. The WCB has recently conducted a large-scale review of the regulations and, as a result, has made several changes to them. Management is currently developing a process for an ongoing review of the regulations.

We think that two indicators in particular should alert the WCB to the need to review the relevance of the regulations: the root causes of the injuries reported, and the level of stakeholder satisfaction with the WCB and its regulations. Each of these indicators is discussed elsewhere in this report.



Outputs and Outcomes of the WCB

Adequacy of Compensation to Injured Workers

From our analysis, we determined that the most important indicator of adequacy of compensation is a pre- and post-injury comparison of income. We did not see any aggregate assessments of this in the periodic reporting to the Panel or in the annual report.

Recommendation

- 7. Although we are unable to recommend specific measures at this point, we believe that WCB should explore the possibility of developing and reporting on pre- and post-injury incomes. Reporting should be provided to the Panel and included in the annual report.**

Restoration of Injured Workers to Pre-injury Status

Two indicators are necessary for assessing this area of performance. The first is the success of the WCB in restoring claimants to pre-injury physical and mental status. At present, the WCB does not report on this area of performance to either the Panel or the external stakeholders.

The second indicator is the number of claimants returned to appropriate work and the durability of that return. The Panel currently receives the following output and outcome information related to this:

- ❖ the number of referrals to vocational rehabilitation;
- ❖ aggregate information on the number of claimants who return to work after receiving vocational rehabilitation;
- ❖ specific information on the number of claimants who are deemed fit to return to work after receiving physical rehabilitation; and
- ❖ the durability of return to work (three months after being discharged) for most physical rehabilitation clients.

What the Panel is not receiving, however, is information on the number of reopenings. Also, it does not receive information on the qualitative aspects of the return to work (for example, whether the injured workers are returned to work that is comparable to their pre-injury employment). In addition, some stakeholders suggested that three months is not adequate for measuring the durability of return to work for certain types of injuries.

For its part, the annual report contains very little information on return to work. In fact, the only mention of it we could find in the 1996 annual report were the results of the work conditioning programs.

Recommendations

8. **We recommend that the WCB assess the success of the WCB rehabilitation network in restoring claimants to pre-injury physical and mental status and report on its success to the Panel and in the annual report.**
9. **We recommend that the results of a comprehensive return to work analysis be provided to the Panel and the external stakeholders. This analysis should include:**
 - ❖ **a break down of return-to-work results (by type of claim, type of injury, type of intervention, and deemed versus actual return-to-work cases);**
 - ❖ **durability; and**
 - ❖ **information on reopenings.**

As much as possible, this information should be segregated in a meaningful way, possibly by type of injury, size of employer, and type of occupation. In addition, durability, longer than three months, should be considered for specific types of injuries and could be assessed through periodic, longitudinal studies.

Safety in the Workplace

We considered the following measures to be necessary here:

- ❖ injury rates;
- ❖ analysis of the seriousness of injuries;

- ❖ analysis of the causes of injuries;
- ❖ level of compliance with WCB regulations; and
- ❖ impact of prevention activities on the safety performance of targeted firms.

Injury rates

Both the monthly reporting to the Panel and the annual report contain several data sets on injury rates: overall, and by certain high-risk industries. We think this is appropriate as an overview, but more detailed information should be available on a periodic basis or on request (e.g., injury rates for specific employers). We understand that this information is available upon request.

Analysis of the seriousness of injuries

One of the WCB's strategic goals is to "lower serious workplace injury rates." The reporting to the Panel contains information on the number of short-term disability claims and excludes health care only claims, as these are not considered to be as serious. Through the reporting of the number of health care only, short-term disability, long-term disability, and fatality claims, the annual report contains a high-level presentation of the seriousness of the injuries. However, in neither case is the level of "seriousness" specifically defined for the reader.

Recommendation

10. We recommend that management define the seriousness of injuries and the potential for improvement of the most serious injuries and provide this information to the Panel and in the annual report.

Analysis of the causes of injuries

To reduce the injury rate, it is important that the WCB understands the root causes of injuries and trends in those causes. A comprehensive analysis of causes would include dimensions beyond simply the immediate reason for the accident. It would also include the effect of WCB legislation, regulations, and policies on worker and employer attitudes and beliefs and, ultimately, the rate of injuries in the workplace.

The reporting to the Panel and the annual report contain a summary of some of the immediate causes of fatal injuries, but they do not include other types of injuries. We found that the information required to make this level of analysis was not collected consistently by the WCB and is therefore not being reported to the Panel or in the annual report. Collection of this information would require the cooperation of the various stakeholders.

Recommendation

11. We recommend that the reporting to the Panel and the annual report include a review of the significant causes of injuries and diseases in the workplace and an analysis of trends in the causes. This analysis should also involve a review of the underlying causes of injuries, including other factors that may affect worker and employer attitudes and behaviour, such as WCB legislation, regulations, and policies, as well as government policies. We recognize the difficulty in this type of analysis and suggest that the WCB conduct more research and apply existing research to completing this analysis.

Level of compliance with WCB regulations

Management should report on how well workers and employers are complying with WCB regulations. Currently, both the reporting to the Panel and the annual report contain information on the number of additional assessments recommended and imposed. The annual report also contains output information on the number of inspection reports issued, but only for 1995 and earlier since the WCB no longer tracks or provides this information. We understand that the number of inspection reports issued does not provide an indication of the level of compliance, nor on the effort being directed towards enforcement activities. For the latter, the WCB reports the total number of hours doing inspections, as well as the average time spent on each inspection. However, in our interviews with external stakeholders, we found they wanted to continue to receive the number of inspection reports issued, along with any contextual information that explains the trends.

Overall, based on stakeholder expectations, the WCB should also explore ways of reporting on the level of compliance it is seeing during its audits and inspections and the outcomes of its site visits.

Recommendation

12. We recommend that WCB management continue to report on the number of additional assessments recommended and imposed. The WCB should also report the number of inspection reports issued, including contextual information, and explore ways of reporting on the level of compliance it is seeing during its audits and inspections, and the outcomes of its site visits.

Impact of prevention activities on the safety performance of targeted firms

Management should assess the impact of prevention activities on the safety performance of the firms targeted by the prevention programs. Particularly important would be knowing which activities have the greatest impact on which type of firms and under what specific circumstances. We found some evidence that this type of assessment is conducted on occasion, and the results reported to the Panel and in the annual report.

Recommendation

13. We recommend that management enhance ways to measure the impact of prevention activities on the safety performance of targeted firms, to assess which activities have the greatest impact on which type of firms and under what specific circumstances. Results of these assessments should be reported to both the Panel and the external stakeholders.

Fairness of Funding Load

Fairness of the funding load can be measured by the following four indicators:

- ❖ completeness of registration;
- ❖ accuracy of the classification system;
- ❖ completeness of the collection of assessment revenue; and
- ❖ fairness of the assessment rates.

Completeness of registration

The reporting to the Panel and the annual report include output information on the number of employers registered, but they do not contain information on the completeness of registration.

Recommendation

14. We recommend that the reporting to the Panel and the annual report continue to provide output information on the number of employers registered. Management should also provide information annually on its estimate of the completeness of registration and on the efforts and processes used to ensure this completeness. This information should be provided to the Panel and in the annual report.

Accuracy of the classification system

Neither the reporting to the Panel nor the annual report provides any information on the accuracy of the classification system.

Recommendation

15. We recommend that the Panel receives periodic assessments of the classification process, the methodology used, the categories chosen, employer satisfaction, and any significant issues regarding classification. A summary of this information should also be included in the annual report.

Completeness of the collection of assessment revenue

We expected the Panel to receive assurance from management about the completeness of the collection of assessment revenue. Employers may also be interested in this information since it affects the fairness of the system. The Panel is currently being provided limited information on the amounts in collection, but the annual report contains no such information. The Panel also receives output information on the number of audits and net recoveries.

Recommendation

- 16. We recommend that the Panel and the external stakeholders be provided more detailed information on the completeness of collection, including the percentage of penalties collected, the total write-offs, the age of accounts receivable, and the collection ratio (i.e., the total assessment revenue receivable for the fiscal year divided by total assessment income for the fiscal year).**

Fairness of the assessment rates

A logical fourth measure we looked for was assurance on the fairness of the assessment rates. We found, however, that because the term "fairness" has not been defined by the WCB, stakeholders are left to use their own judgement in assessing the fairness of the assessment rates. To aid them in this assessment, we believe that management should provide them with such information as the actual assessment rates, the merit/demerit spread, and prevention performance by employer class and subclass.

The annual report contains output information on the average assessment rate and the rating experience of individual classes and subclasses of employers, but it does not describe and explain the WCB's merit/demerit spread or provide information on the prevention performance for each employer class and subclass.

Recommendations

- 17. We recommend that the WCB define "fairness" in relation to assessment rates and then develop an indicator to measure the level of fairness and report on the level to both the Panel and the external stakeholders.**
- 18. We recommend that management provide its stakeholders with the information they need to make their own evaluation of the fairness of the assessment rates, including an explanation of and the actual merit/demerit spread and information on prevention performance by employer class and subclass.**

Financial Sustainability

There are four significant indicators for financial sustainability:

- ❖ percent funded;
- ❖ return on investments;
- ❖ other financial results; and
- ❖ internal controls.

Percent funded

The main indicator of financial sustainability for the WCB is the funding rate. The objective is for the WCB to achieve 100% funding of its operations by the year 2000. It appears that this objective may be met for 1997. Performance is reported to the Panel as part of a summary financial operating statement. We believe that the accountability reporting relating to the funding level, as provided in both the annual report and the monthly reporting to the Panel, is appropriate.

Return on investments

Both the reporting to the Panel and the annual report should contain information on the return on investment of the WCB investment portfolio. Specifically, they should show whether this result is reasonable, compared to relevant benchmarks.

The monthly reports to the Panel contain information on the asset allocation, the market value and book value of the investment portfolio, and the TSE 300 and S&P 500 indices. Although they do not contain the overall return on investment, the Panel does receive this information on a semi-annual basis.

The annual report, on the other hand, contains the market value and book value of the investment portfolio, as well as return on investment information, but this latter information is not compared to investment benchmarks.

The rate of return on capital expenditures should also be reported to both the Panel and the external stakeholders. Currently, it is only being reported in the annual report. However, we understand that management intends to ensure

the Panel receives this information in the KPI reports in the future as well.

Recommendation

19. We recommend that return on investment information be compared to investment benchmarks in the annual report.

20. We recommend that the return on capital expenditures be reported to both the Panel and the external stakeholders, as soon as this information is available.

Other financial results

Currently, both the monthly reporting to the Panel and the annual report contain abundant information on financial performance. The annual report includes full audited financial statements, supported with detailed notes. These financial statements are audited by the Auditor General of British Columbia, and the actuarial assumptions underlying many of the financial statement figures are reviewed by an independent actuary.

In addition, comprehensive, aggregated information by subclass and type of claim is presented in both the main volume of the annual report and the "Statistics" volume that accompanies it. Accountability reporting with respect to the general communication of financial results appears adequate and appropriate.

Internal financial controls

The Panel should receive assurance about the integrity of internal financial controls. However, there is no reporting mechanism that provides this assurance.

Recommendation

21. We recommend that management provide the Panel and the external stakeholders with an inventory of the key internal financial controls and annual assurance about the integrity of the internal controls, including mechanisms that exist to prevent and detect fraud.

Quality of Adjudication

Many of the people we interviewed for this review expressed an interest in receiving assurance about the quality of the adjudication process. We believe that the quality of adjudication is the result of many factors, including:

- ❖ WCB policies;
- ❖ corporate direction regarding values;
- ❖ corporate traditions and culture;
- ❖ quality assurance processes; and
- ❖ the skill base and training of the staff handling claims.

There is increasing evidence that many decisions made in organizations are more strongly influenced by so-called “soft” factors than by formal written policies and organizational structures. Our understanding from our interviews with WCB stakeholders is that adjudication patterns seem to reflect influences that are not formally recorded or even recognized. This is why we believe that the WCB’s accountability reporting needs to address issues such as culture in the organization. This obviously will be difficult and sensitive to measure. It will have to be done in a way that does not raise employee apprehensions, and in a spirit of learning rather than allocation of blame.

The skill base of the adjudicators was also an issue about which some stakeholders wanted assurance. They wanted assurance that the workers had the necessary skills to make sensitive judgements. Again, this will be a sensitive and difficult issue that will have to be handled sensibly, but it is a key issue for the WCB to address in its accountability report to its stakeholders.

We expected the Panel and the external stakeholders to be receiving information on how each of these factors affects the quality of adjudication. We found, instead, that none of this information is currently being provided to either group.

We also looked for indicators of adjudication quality—specifically, output information on the number of claims allowed, disallowed, or rejected and outcome information

on the number of appeals and the percentage of entitlement decisions overturned by the Review Board, the Appeal Division, or the Medical Review Department. Of course, these measures would provide only an indicator of performance. The reason for any significant increases or decreases would need to be explored and reported on to both the Panel and the external stakeholders.

The Panel is currently receiving information on the number of appeals sent to the Review Board and on the number of "allows" (i.e., the percentage of decisions where the client's appeal is upheld or returned to the WCB for review), but it is not getting information on the appeals handled by the Medical Review Department and the Appeal Division. It is also receiving information on the number of disallowed and rejected claims, as well as the disallow rate (i.e., the proportion of all claims that are disallowed).

The annual report does not contain any appeal information from the Review Board or the Appeal Division (these bodies provide their own annual report), but it does have sufficient information from the Medical Review Department on the number of appeals and the outcomes of these appeals. The annual report is also missing, with the exception of fatality claims, information on the number of claims allowed, disallowed, or rejected.

Recommendations

22. We recommend that management report on the benefit entitlement/adjudication process in a way that would provide assurance to the Panel and in the annual report on the quality of the adjudication process. Indicators, such as allow/disallow rates and appeal rates, would be included. As noted in recommendation 4, each of the factors that affect this quality, including corporate culture, direction, policies, quality assurance processes, and the skill base of the staff handling claims, should also be included in this assurance. We acknowledge the difficulty of this assessment and suggest that the WCB explore appropriate methods.

23. We recommend that the Panel and the external stakeholders receive information on the number of appeals and the outcome of these appeals for all the appellant bodies, including the Appeal Division and the Medical Review Department. The annual report should also include the number of claims allowed, disallowed, or rejected, and the overall disallow rate for all types of claims.

Service Quality

Service quality can be defined as providing services that meet client needs in a timely way, while staying within established WCB legislation and regulations. The indicators of the level of service quality include the timeliness of client service, overall stakeholder satisfaction and the fairness and ease of access to WCB services.

Timeliness of client service

Timeliness of service is of interest to stakeholders as well as clients. Currently, the only timeliness measure provided by the WCB is related to how quickly, on average, injured workers receive their first short-term disability payment or their first long-term disability award. We found that the stakeholders want to receive timeliness information that goes beyond these dimensions. Consequently, we believe that management should report on the timeliness of each type of service provided by the WCB (e.g., the life cycles of open claims or how quickly the WCB responds to worker or employer queries).

We also believe that the use of averages in timeliness measures does not provide sufficient detail for the reader to understand the differences between the more extreme cases (i.e., the cases that are processed exceptionally fast versus those that take longer than average).

Recommendations

24. We recommend that management report on timeliness of its client service, beyond simply the first short-term disability payment or long-term disability award.

25. We recommend that management provide the Panel and the external stakeholders with more detailed timeliness information, beyond simple averages (possibly including ranges and frequency of distribution), to alert them to types of injuries or claims that pose a particular timeliness problem.

Stakeholder satisfaction

The annual report contains aggregate client satisfaction information for injured workers, and the Panel receives this same information monthly. The WCB's reputation with the public is also measured and reported on by Angus Reid. Overall, however, this area of performance measurement and reporting needs some enhancement if the external stakeholders and the Panel are to understand fully how well the WCB is performing in this area.

Recommendation

26. We recommend that overall satisfaction with the performance of the WCB and attitudes towards it, be periodically measured and reported to the Panel and in the annual report for the following stakeholder groups:

- ❖ workers (i.e., all, not just injured workers);
- ❖ employers;
- ❖ MLAs; and
- ❖ the medical community.

These are broad categories, and some work should be done to segment the "market" into meaningful groups, and so enable the WCB to pinpoint areas of concern, both by WCB program and by stakeholder type. Measurement of satisfaction should include issues of how WCB communicates with clients and the complexity of the process as experienced by claimants.

Fairness of access to WCB services

Management should provide assurance to the Panel and the external stakeholders on the level of fairness of access to WCB services. To make this assurance, management must first define fairness, measure it, and then report on it to the

Panel and in the annual report. To our knowledge, this has not been done.

Recommendation

- 27. We recommend that management define “fairness” in relation to access to services and then develop an indicator to measure the level of fairness and report on the results to the Panel and the external stakeholders.**

Public Awareness

Management should measure the level of the public's understanding and support for the WCB's mission, vision, values, and goals, as well as its regulations and workplace safety issues.

Public understanding of, and support for, the mission, vision, values, and goals is not currently measured or reported to the Panel or to the external stakeholders.

Public awareness of, and support for, workplace safety and WCB regulations, on the other hand, is currently surveyed by the Angus Reid polling company, and the results are reported to the Panel. The annual report contains only information on the nature of the awareness campaigns; it does not include an assessment of the actual level of awareness.

Recommendations

- 28. We recommend that the general awareness, understanding, and support for the WCB's mission, vision, values, and objectives be measured periodically and the results provided to the Panel and in the annual report.**
- 29. We recommend that the general awareness of and support for WCB regulations and workplace safety be reported in the annual report.**

Efficiency

The WCB's overall efficiency can best be determined by comparing the administrative costs of the organization to workloads and to the level of service quality provided.

Current reports on cost are contained in the monthly financial statements to the Panel and in the annual report, and show "administration expenses" by division. Both reporting mechanisms also include a measurement for administrative efficiency (i.e., cents per \$100 covered payroll).

In our view, however, this area needs some refinement. A definition of what constitutes "administrative" should first be made. Investments in client service upgrades or information enhancements to improve performance should be separated from routine maintenance expenditures. As well, the reporting should correlate administrative expenses to service quality.

Another efficiency measure is the "hurdle rate" of 35% for capital spending decisions. The July edition of the Key Performance Indicators report states that "an average internal rate of return of 35% for all investment type expenditures is required." Nevertheless, we are concerned that, on its own, this criterion would not allow the WCB to consider projects that would meet other less quantifiable but still desirable criteria such as enhancement of service. However, we understand that, in practice, other factors than simply a hurdle rate are used to select and report on capital projects to the Panel (e.g. whether the project helps satisfy one or more of the WCB's strategic goals). We believe this information should also flow to the annual report.

Recommendations

- 30. We recommend that management clarify the meaning of "administrative" in the annual report.**
- 31. We recommend that the WCB explore the possibility of developing and reporting on more meaningful efficiency measures, such as performance measures that attempt to correlate administrative expenses with service quality.**
- 32. We recommend that management report on all significant dimensions of strategic projects in the annual report.**

Secondary Impacts

Most, if not all, public sector programs have secondary impacts associated with them. These can be positive or negative. Critics of public sector programs often cite such secondary impacts as dependency creation and perverse behavior. It is likely that the WCB's programs do have significant side effects. Some people have suggested that the psychological well being of long-term claimants is at risk in certain cases. Others have suggested that some employers ignore safety practices because they feel that the consequences of non-compliance are low compared to the cost of compliance.

Currently, to our knowledge, WCB management does not identify significant secondary impacts of its programs or report on their status to the Panel.

Recommendation

33. We recommend that the WCB identify potential secondary impacts and assess which ones are worthy of investigation and reporting. Those identified should be reported to both the Panel and the external stakeholders.



Organizational Capacity

Human Resources

The people working in the WCB are a major determinant of the success of the organization. Stakeholders expressed to us considerable interest in several dimensions of the WCB's "human capital," including the size of the workforce in relation to service demand, the appropriateness of the skill base found in key functions, and the diversity of the WCB workforce in relation to the general population.

Panel members are interested in working climate and employee morale and motivation. They are also interested in values and attitudes, an aspect of performance that we considered in our previous discussions of mandate and direction. Because public attention has focused on executive perquisites at the WCB, the Board's policy on executive compensation packages should also be disclosed.

The WCB currently provides the Panel with a battery of data on human resource management. The FTE (full-time equivalent) count is provided, by level and by division; and recruitment activity, absenteeism, and grievance volume are tracked. We understand that the WCB has completed a management and employee survey, that included a scan of morale and skills, and has reported the findings to the Panel. We were told that the WCB's intention is to conduct these surveys at least once a year.

Human resources coverage in the annual report, on the other hand, is limited to information on the size of the workforce. In the 1996 annual report, mention was made of a joint committee being formed between management and the union on diversity to support multiculturalism and employment equity. However, no information is actually provided on the diversity of the WCB's workforce. In addition, there is no information on the adequacy of the skill base of the staff performing key functions.

Recommendations

34. **As noted in recommendation 4, we recommend that the WCB inventory required competencies for key functions (e.g., benefit entitlement and rehabilitation), conduct an assessment of the skill base of the incumbents, and report the results to the Panel and to the external stakeholders. This assessment should be conducted periodically, perhaps every two or three years.**
35. **We recommend that the WCB's Executive compensation policy be reported in the annual report.**
36. **We recommend that the WCB continue its employee surveys and report the findings and proposed actions to the Panel.**
37. **We recommend that the diversity of the WCB workforce be reported in the annual report, including any impact the joint committee has on this diversity.**

Quality of Information

We believe the Panel needs periodic assurance about the quality of management information in the WCB. To gain this assurance, it needs information on the adequacy of the WCB's management information systems, the identification of critical performance measures and data, and the integrity of the data collection process.

Currently, we understand that the Panel is receiving information only on specific initiatives related to management information.

Recommendation

38. **We recommend that the Panel receive periodic assurance about the adequacy of the WCB's management information systems, its critical performance measures and data, and the integrity of the data collection processes. This could be done every two years, or the elements could be segmented and reported on a cyclical basis, covering the entire population over a two- or three-year period.**

Risk Management

We believe the Panel should receive a periodic analysis of the key business risks facing the WCB and the prevention and recovery strategies associated with these risks.

Currently, risk is addressed implicitly in several measures reported to the Board.

Recommendation

39. We recommend that the significant business risks faced by the WCB and its strategy to deal with those risks, be reported periodically to the Panel.



Appendix A: Recommendations

This appendix provides a list of all the recommendations included in the main body of the report.

In providing our recommendations, we recognize the potential for WCB stakeholders to be overloaded with data. We have some suggestions to offer in this regard. First, the frequency with which each information set is provided should be reviewed carefully. The readers should not receive information more frequently than decision making requires. Second, the information should be layered. If high-level indicators should prompt stakeholders to seek further information and analysis, the more detailed information should be made accessible to them, rather than providing all the information repetitively. Third, every attempt should be made to provide information in graphic format, as this is the most efficient means of communicating most of the information that WCB provides. (In fact, most of the WCB's existing key performance indicators are presented in this manner.) Finally, the costs of gathering the information should be weighed against the benefits. Some of the longitudinal outcome information that we suggest can be expensive and difficult to collect, and reporting cycles of longer than one year may be appropriate for these.

We understand that discussions between management and governing body members have occurred in the past, with regard to the content, style, and frequency of accountability information. We encourage this dialogue to continue.

In certain cases, we have recommended that the WCB address areas of performance, but we were unable to suggest specific measures or methodologies, as it would take considerably more time than we had available. In the short run, we have chosen to point to these areas of performance and to suggest that WCB management begin to explore how to measure performance in these new areas. We acknowledge the challenge of developing and reporting on these new areas. We wish to emphasize that it will require a long-term

commitment on the part of the WCB, involving significant time and resources, integration and cooperation of each division within the WCB, and the cooperation of its external stakeholders.

However, as WCB has already taken the first steps in developing appropriate performance measures and inviting our office to assess them, we believe that it will also be able to take the next steps required to ensure that it is fully accountable to its stakeholders.

Mandate and Direction of the WCB

Mandate and legislative compliance

1. We recommend that the WCB continue to periodically analyze the relevance and clarity of the legislation and mandate governing the WCB and report the findings to the Panel and in the annual report. WCB should also provide assurance about its compliance with governing legislation.

Mission, vision, values, and standards of conduct

2. We recommend that the WCB mission, vision, and values be included in the annual report to the Legislative Assembly.
3. We recommend that WCB management report on its code of conduct in the annual report and confirm that the code has been adhered to in all material respects. The possibility of conducting an independent "ethics audit" should also be considered.
4. We recommend that the WCB identify key cultural and value dimensions of the organization. WCB management should include in staff surveys a measurement of staff perception of the importance of values and the extent to which they perceive that they are being adhered to by themselves or their colleagues. Management should also identify key service and performance values, competencies, and principles for each key decision making role and report on reinforcement and education activity, as well as

client perceptions regarding the exercise of these values (e.g., whether claims are handled fairly, compassionately, courteously, and expeditiously).

Strategic goals

5. We recommend that the WCB develop and report on indicators with respect to the extent to which the fifteen strategic goals in the annual report and in the reporting to the Panel are being met.

Relevance

6. We recommend that management provide periodic assurance on the continued relevance of WCB programs, such as prevention, rehabilitation, assessment, and compensation. To assess program relevance, management should track and report on key worker, employer, and environmental factors and compare these trends to WCB program activity types and levels to assess the relevance of WCB programs in light of this information. Activity levels and trends, such as the number of hours dedicated to inspections versus education, should be reported in a manner that allows the reader to compare this information to the trends in needs, such as workplace safety, injury types, and injury severity.

Outputs and outcomes of the WCB

Adequacy of compensation to injured workers

7. Although we are unable to recommend specific measures at this point, we believe that WCB should explore the possibility of developing and reporting on pre- and post-injury incomes. Reporting should be provided to the Panel and included in the annual report.

Restoration of injured workers to pre-injury status

8. We recommend that the WCB assess the success of the WCB rehabilitation network in restoring claimants to pre-injury physical and mental status and report on its success to the Panel and in the annual report.

9. We recommend that the results of a comprehensive return to work analysis be provided to the Panel and the external stakeholders. This analysis should include:

- ❖ a break down of return-to-work results (by type of claim, type of injury, type of intervention, and deemed versus actual return-to-work cases);
- ❖ durability; and
- ❖ information on reopenings.

As much as possible, this information should be segregated in a meaningful way, possibly by type of injury, size of employer, and type of occupation. In addition, durability, longer than three months, should be considered for specific types of injuries and could be assessed through periodic, longitudinal studies.

Safety in the workplace

10. We recommend that management define the seriousness of injuries and the potential for improvement of the most serious injuries and provide this information to the Panel and in the annual report.

11. We recommend that the reporting to the Panel and the annual report include a review of the significant causes of injuries and diseases in the workplace and an analysis of trends in the causes. This analysis should also involve a review of the underlying causes of injuries, including other factors that may affect worker and employer attitudes and behaviour, such as WCB legislation, regulations, and policies, as well as government policies. We recognize the difficulty in this type of analysis and suggest that the WCB conduct more research and apply existing research to completing this analysis.

12. We recommend that WCB management continue to report on the number of additional assessments recommended and imposed. The WCB should also report the number of inspection reports issued, including contextual information, and explore ways of reporting on the level of compliance it is seeing during its audits and inspections and the outcomes of its site visits.

13. We recommend that management enhance ways to measure the impact of prevention activities on the safety performance of targeted firms, to assess which activities have the greatest impact on which type of firms and under what specific circumstances. Results of these assessments should be reported to both the Panel and the external stakeholders.

Fairness of the funding load

14. We recommend that the reporting to the Panel and the annual report continue to provide output information on the number of employers registered. Management should also provide information annually on its estimate of the completeness of registration and on the efforts and processes used to ensure this completeness. This information should be provided to the Panel and in the annual report.
15. We recommend that the Panel receives periodic assessments of the classification process, the methodology used, the categories chosen, employer satisfaction, and any significant issues regarding classification. A summary of this information should also be included in the annual report.
16. We recommend that the Panel and the external stakeholders be provided more detailed information on the completeness of collection, including the percentage of penalties collected, the total write-offs, the age of accounts receivable, and the collection ratio (i.e., the total assessment revenue receivable for the fiscal year divided by total assessment income for the fiscal year).
17. We recommend that the WCB define "fairness" in relation to assessment rates and then develop an indicator to measure the level of fairness and report on the level to both the Panel and the external stakeholders.
18. We recommend that management provide its stakeholders with the information they need to make their own evaluation of the fairness of the assessment rates, including an explanation of and the actual merit/demerit

spread and information on prevention performance by employer class and subclass.

Financial sustainability

19. We recommend that return on investment information be compared to investment benchmarks in the annual report.
20. We recommend that the return on capital expenditures be reported to both the Panel and the external stakeholders, as soon as this information is available.
21. We recommend that management provide the Panel and the external stakeholders with an inventory of the key internal financial controls and annual assurance about the integrity of the internal controls, including mechanisms that exist to prevent and detect fraud.

Quality of adjudication

22. We recommend that management report on the benefit entitlement/adjudication process in a way that would provide assurance to the Panel and in the annual report on the quality of the adjudication process. Indicators, such as allow/disallow rates and appeal rates, would be included. As noted in recommendation 4, each of the factors that affect this quality, including corporate culture, direction, policies, quality assurance processes, and the skill base of the staff handling claims, should also be included in this assurance. We acknowledge the difficulty of this assessment and suggest that the WCB explore appropriate methods.
23. We recommend that the Panel and the external stakeholders receive information on the number of appeals and the outcome of these appeals for all the appellant bodies, including the Appeal Division and the Medical Review Department. The annual report should also include the number of claims allowed, disallowed, or rejected, and the overall disallow rate for all types of claims.

Service Quality

24. We recommend that management report on timeliness of its client service, beyond simply the first short-term disability payment or long-term disability award.
25. We recommend that management provide the Panel and the external stakeholders with more detailed timeliness information, beyond simple averages (possibly including ranges and frequency of distribution), to alert them to types of injuries or claims that pose a particular timeliness problem.
26. We recommend that overall satisfaction with the performance of the WCB and attitudes towards it, be periodically measured and reported to the Panel and in the annual report for the following stakeholder groups:
 - ❖ workers (i.e., all, not just injured workers);
 - ❖ employers;
 - ❖ MLAs; and
 - ❖ the medical community.

These are broad categories, and we believe some work should be done to segment the “market” into meaningful groups, and so enable the WCB to pinpoint areas of concern, both by WCB program and by stakeholder type. Measurement of satisfaction should include issues of how WCB communicates with clients and the complexity of the process as experienced by claimants.

27. We recommend that management define “fairness” in relation to access to services and then develop an indicator to measure the level of fairness and report on the results to the Panel and the external stakeholders.

Public Awareness

28. We recommend that the general awareness, understanding, and support for the WCB’s mission, vision, values, and objectives be measured periodically and the results provided to the Panel and in the annual report.

29. We recommend that the general awareness of and support for WCB regulations and workplace safety be reported in the annual report.

Efficiency

30. We recommend that management clarify the meaning of “administrative” in the annual report.
31. We recommend that the WCB explore the possibility of developing and reporting on more meaningful efficiency measures, such as performance measures that attempt to correlate administrative expenses with service quality.
32. We recommend that management report on all significant dimensions of strategic projects in the annual report.

Secondary Impacts

33. We recommend that the WCB identify potential secondary impacts and assess which ones are worthy of investigation and reporting. Those identified should be reported to both the Panel and the external stakeholders.

Organizational Capacity

Human Resources

34. As noted in recommendation 4, we recommend that the WCB inventory required competencies for key functions (e.g., benefit entitlement and rehabilitation), conduct an assessment of the skill base of the incumbents, and report the results to the Panel and to the external stakeholders. This assessment should be conducted periodically, perhaps every two or three years.
35. We recommend that the WCB's Executive compensation policy be reported in the annual report.
36. We recommend that the WCB continue its employee surveys and report the findings and proposed actions to the Panel.
37. We recommend that the diversity of the WCB workforce be reported in the annual report, including any impact the joint committee has on this diversity.

Quality of Information

38. We recommend that the Panel receive periodic assurance about the adequacy of the WCB's management information systems, its critical performance measures and data, and the integrity of the data collection processes. This could be done every two years, or the elements could be segmented and reported on a cyclical basis, covering the entire population over a two- or three-year period.

Risk Management

39. We recommend that the significant business risks faced by the WCB and its strategy to deal with those risks, be reported periodically to the Panel.



Appendix B: The Accountability Framework

The Accountability Framework was developed as a joint venture between the the Auditor General of British Columbia and the Deputy Minister's Council. It is meant to be a guide to all levels of governance as to how accountability will be served. It identifies:

- ❖ what government should be accountable for;
- ❖ who should be accountable for government performance;
- ❖ how government should be accountable for its performance; and
- ❖ how the information could be used.

The matrix provided on the following two pages is a copy of the Accountability Information Matrix: Ministry/Crown Corporation Level, as provided in the 1996 report—*Enhancing Accountability for Performance: A Framework and an Implementation Plan*.



ACCOUNTABILITY INFORMATION MATRIX: MINISTRY/CROWN CORPORATION LEVEL		
What questions should accountability information answer?	What information is needed to allow these questions to be answered?	
	PLANNING	RESULTS
OPERATIONAL:		
<p><i>Is the organization achieving what it set out to achieve?</i></p> <p>What is the purpose of the organization?</p> <p>What are the challenges facing the organization?</p> <p>What are its overall long-term goals, and how well is it progressing toward them?</p> <p><i>Are its programs achieving what they are meant to achieve in a cost-effective way?</i></p> <p><i>Are its programs:</i></p> <ul style="list-style-type: none"> – needed (that is, relevant)? – achieving what was intended (that is, effective)? – achieving at a reasonable cost (that is, efficient and economical)? <p><i>Is the organization maintaining the capacity to deliver results in the future?</i></p> <p>Does the organization have the ability to maintain or improve results, and the capacity to deal with the future?</p>	<ul style="list-style-type: none"> • legal mandate • mission • analysis of key issues and trends • measurable (outcome focused) targets for long-term goals • client profile • program objectives • link to organization and government-wide objectives • intended outcomes • schedule of evaluations to be carried out • planned service delivery standards • intended levels of user acceptance • planned full cost of programs • planned unit cost of outputs • planned quantity/quality of output • details of any specific initiatives, designed to improve organizational capacity 	<ul style="list-style-type: none"> • key outcomes/performance measures on long-term goals • results of evaluations carried out • outcome measures • results of evaluations carried out including details about secondary impacts • actual service delivery standards • actual levels of user acceptance • actual full cost of programs • unit cost per output • actual quantity/quality of output • assessment of financial condition, protection of assets, employee skills, work environment, and operating controls

ACCOUNTABILITY INFORMATION MATRIX: MINISTRY/CROWN CORPORATION LEVEL		
What questions should accountability information answer?	What information is needed to allow these questions to be answered?	
	PLANNING	RESULTS
FINANCIAL:		
<p><i>Is the organization achieving its financial objectives?</i></p> <p>What are its financial objectives, and are they being realized?</p> <p>Are affairs managed according to sound financial controls?</p>	<ul style="list-style-type: none"> planned operating revenues and expenditures planned capital expenditures planned financial position, including debt details of any major changes to be made to financial controls 	<ul style="list-style-type: none"> actual revenues and expenditures actual capital expenditures actual financial position, including debt management statement of the adequacy of controls
COMPLIANCE:		
<p><i>Are the organization's affairs conducted in accordance with legislated requirements, and with expected standards of conduct?</i></p> <p>Is spending kept within the limits approved by the Legislative Assembly?</p> <p>What laws does the organization need to comply with for (a) the conduct of business and (b) the operation of specific programs, and is it complying with them?</p> <p>What are its standards of conduct, and is it complying with them?</p> <p>What are government's internal social policy objectives, and how well is the organization achieving them?</p> <p>Are there adequate controls designed to ensure compliance with legislation and standards of conduct?</p>	<ul style="list-style-type: none"> voted appropriations identification of relevant laws identification of standards of conduct long-term goals annual objectives details of any major initiatives to improve control over compliance 	<ul style="list-style-type: none"> statements of actual expenditures compared to voted appropriations management statement of compliance management statement of compliance progress towards long-term goals annual achievement management statement of adequacy of compliance controls



Appendix C: The Twelve Attributes of Effectiveness

The Twelve Attributes of Effectiveness were developed by the Canadian Comprehensive Auditing Foundation (CCAF) in 1987. These attributes can be used to assist management make representations on effectiveness. A brief description of each of the attributes follows:¹

1. Management direction

The extent to which the objectives of an organization, its component programs, or lines of business, and its employees, are clear, well-integrated and understood, and appropriately reflected in the organization's plans, structure, delegations of authority and decision-making process.

2. Relevance

The extent to which a program or line of business continues to make sense in regard to the problems or conditions to which it is intended to respond.

3. Appropriateness

The extent to which the design of a program or its major components, and the level of effort being made, are logical in light of the specific objectives to be achieved.

4. Achievement of intended results

The extent to which goals and objectives have been realized.

5. Acceptance

The extent to which the constituencies or customers for whom a program or line of business is designed judge it to be satisfactory.

¹ Canadian Comprehensive Auditing Foundation.
Effectiveness Reporting and Auditing in the Public Sector, Summary Report, 1987.

6. Secondary impacts

The extent to which other significant consequences, either intended or unintended and either positive or negative, have occurred.

7. Costs and productivity

The relationships among costs, inputs and outputs.

8. Responsiveness

An organization's ability to adapt to changes in such factors as markets, competition, available funding or technology.

9. Financial results

The matching of, and the accounting for, revenues and costs and the accounting for and valuation of assets, liabilities and equity.

10. Working environment

The extent to which the organization provides an appropriate work atmosphere for its employees, provides appropriate opportunities for development and achievement, and promotes commitment, initiative and safety.

11. Protection of assets

The extent to which important assets—such as sources of supply, valuable property, key personnel, agreements, and important records or information—are safeguarded so that the organization is protected from the danger of losses that could threaten its success, credibility, continuity and, perhaps, its very existence.

12. Monitoring and reporting

The extent to which key matters pertaining to performance and organizational strength are identified, reported and carefully monitored.



Appendix D: The Criteria of Control

The Canadian Institute of Chartered Accountants (CICA) designed the Criteria of Control in 1995. The CICA presented 20 control criteria that were meant to guide organizations in developing, assessing and changing control. The criteria are phrased as goals to be worked toward over time. Considerable judgement is required in interpreting the criteria in the context of a particular organization and in assessing the effectiveness of control in the organization.¹ The 20 criteria are as follows:

1. Purpose

- A1 Objectives should be established and communicated.
- A2 The significant internal and external risks faced by an organization in the achievement of its objectives should be identified and assessed.
- A3 Policies designed to support the achievement of an organization's objectives and the management of its risks should be established, communicated and practised so that people understand what is expected of them and the scope of their freedom to act.
- A4 Plans to guide efforts in achieving the organization's objectives should be established and communicated.
- A5 Objectives and related plans should include measurable performance targets and indicators.

2. Commitment

- B1 Shared ethical values, including integrity, should be established, communicated and practised throughout the organization.
- B2 Human resource policies and practices should be consistent with an organization's ethical values and with the achievement of its objectives.

¹ Canadian Institute of Chartered Accountants. *Guidance on Control*, 1995.

- B3 Authority, responsibility and accountability should be clearly defined and consistent with an organization's objectives so that decisions and actions are taken by the appropriate people.
- B4 An atmosphere of mutual trust should be fostered to support the flow of information between people and their effective performance toward achieving the organization's objectives.

3. Capability

- C1 People should have the necessary knowledge, skills and tools to support the achievement of the organization's objectives.
- C2 Communication processes should support the organization's values and the achievement of its objectives.
- C3 Sufficient and relevant information should be identified and communicated in a timely manner to enable people to perform their assigned responsibilities.
- C4 The decisions and actions of different parts of the organization should be coordinated.
- C5 Control activities should be designed as an integral part of the organization, taking into consideration its objectives, the risks to their achievement, and the inter-relatedness of control elements.

4. Monitoring and Learning

- D1 External and internal environments should be monitored to obtain information that may signal a need to re-evaluate the organization's objectives or control.
- D2 Performance should be monitored against the targets and indicators identified in the organization's objectives and plans.
- D3 The assumptions behind an organization's objectives should be periodically challenged.

- D4 Information needs and related information systems should be reassessed as objectives change or as reporting deficiencies are identified.
- D5 Follow-up procedures should be established and performed to ensure appropriate change or action occurs.
- D6 Management should periodically assess the effectiveness of control in its organization and communicate the results to those to whom it is accountable.



Appendix E: Logic Models

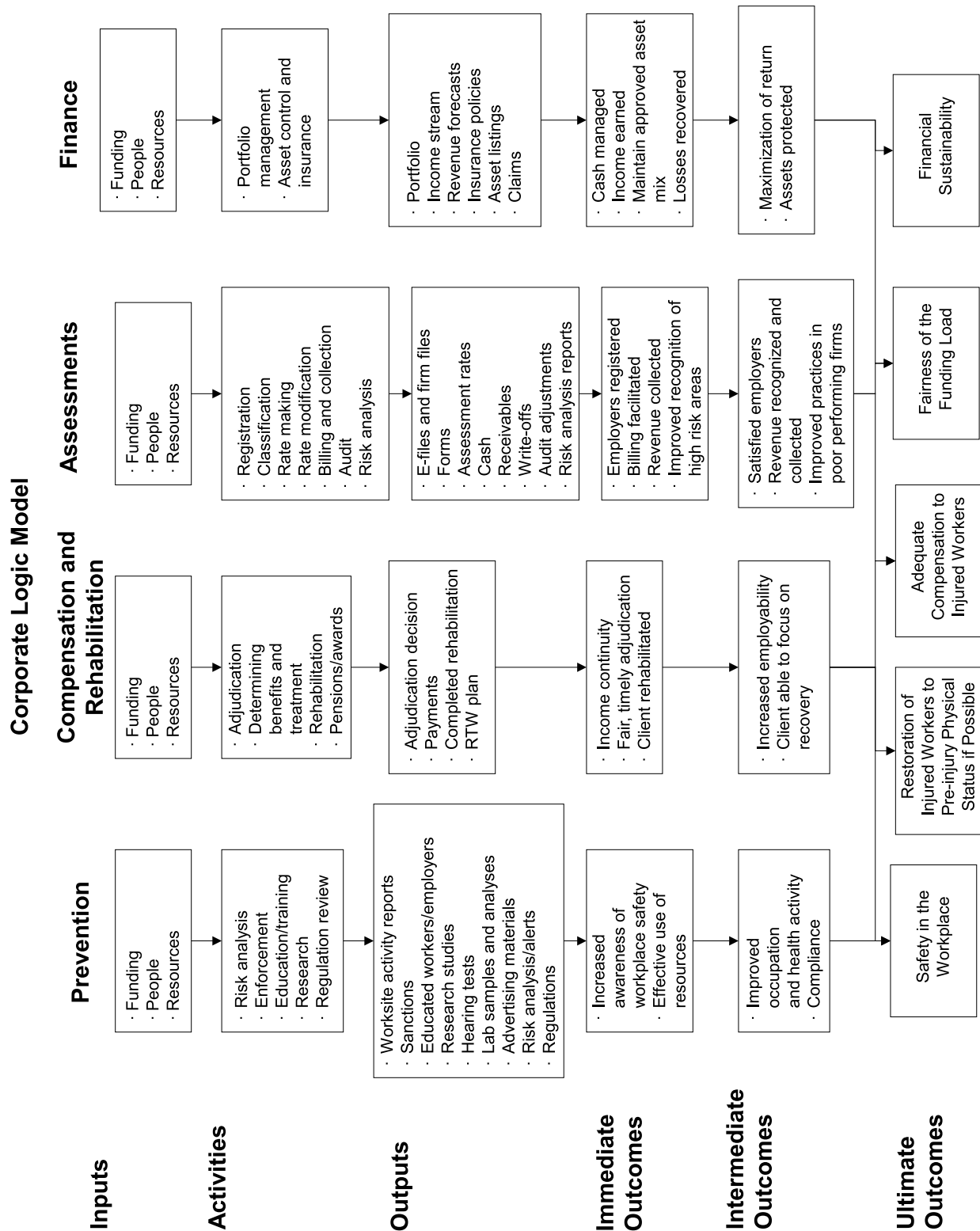
This section contains logic models for the key activity areas of the WCB. The logic models are strategic representations of the WCB, consisting of inputs, activities, outputs, immediate outcomes, intermediate outcomes, and ultimate outcomes.

Inputs consist of staff, money, and equipment. Activities are the means by which the WCB transforms its resources into products or services. Products or services are considered to be outputs and are measured using a range of quantitative and qualitative indicators. Immediate and intermediate outcomes are indicators of progress towards the WCB's ultimate outcomes.

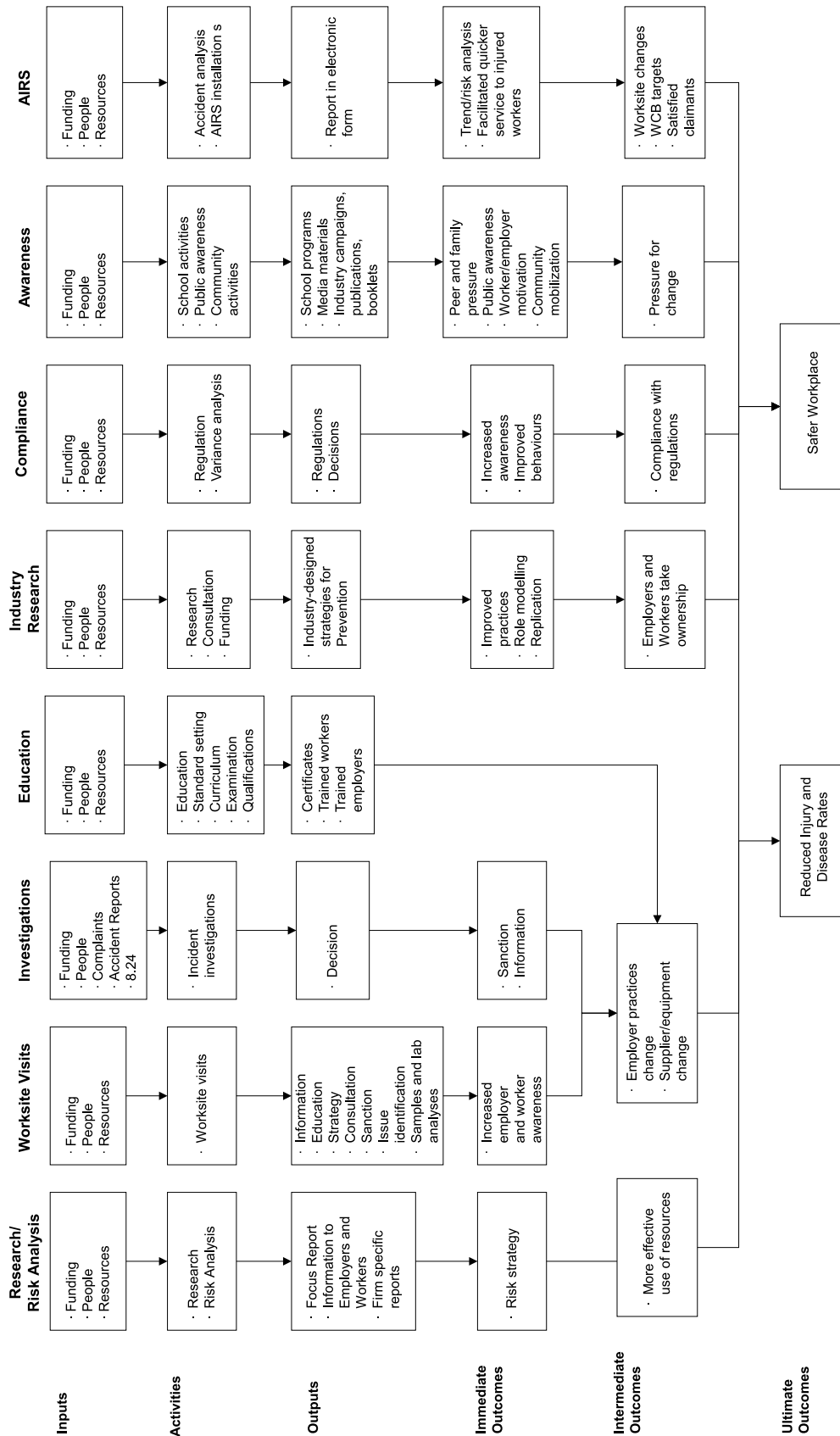
Each of these models was developed with input from senior management from each of the key activity areas. The models proved useful in enhancing our understanding of the business and ensuring that our criteria reflected all key areas of WCB performance.

The models are presented in the following order:

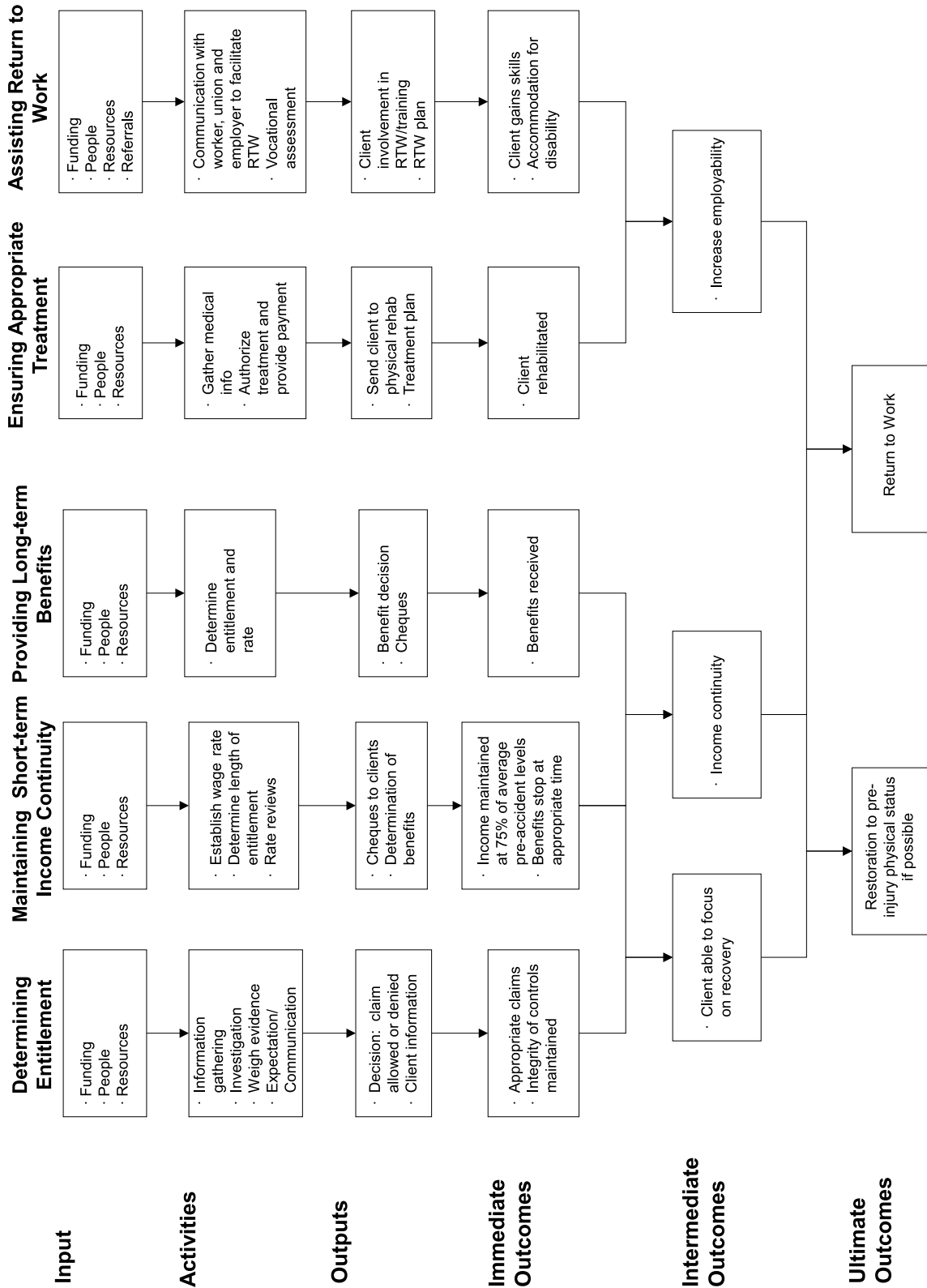
- ❖ corporate logic model;
- ❖ prevention logic model;
- ❖ compensation and rehabilitation logic model;
- ❖ assessments logic model; and
- ❖ treasury logic model.



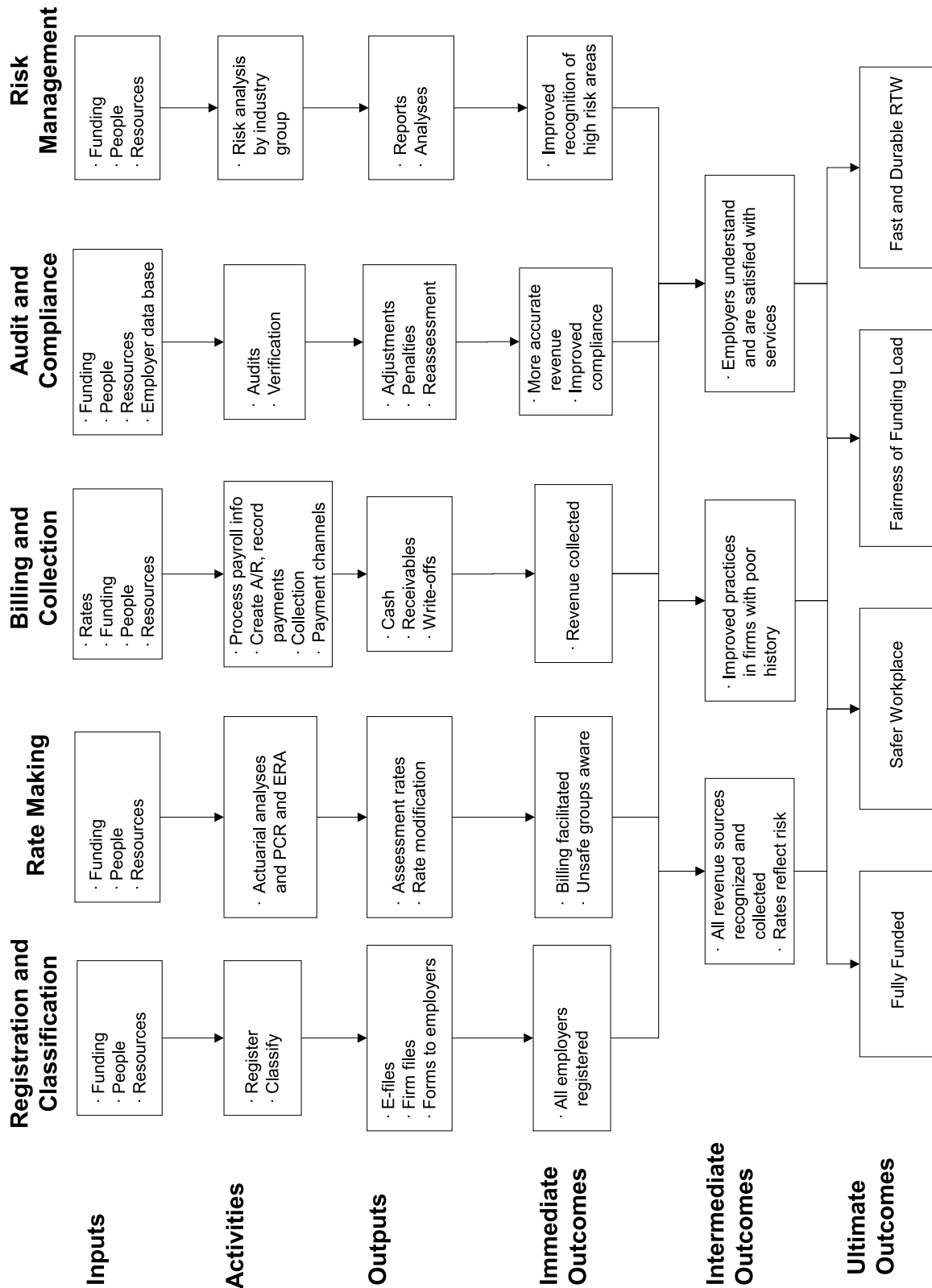
Prevention Logic Model



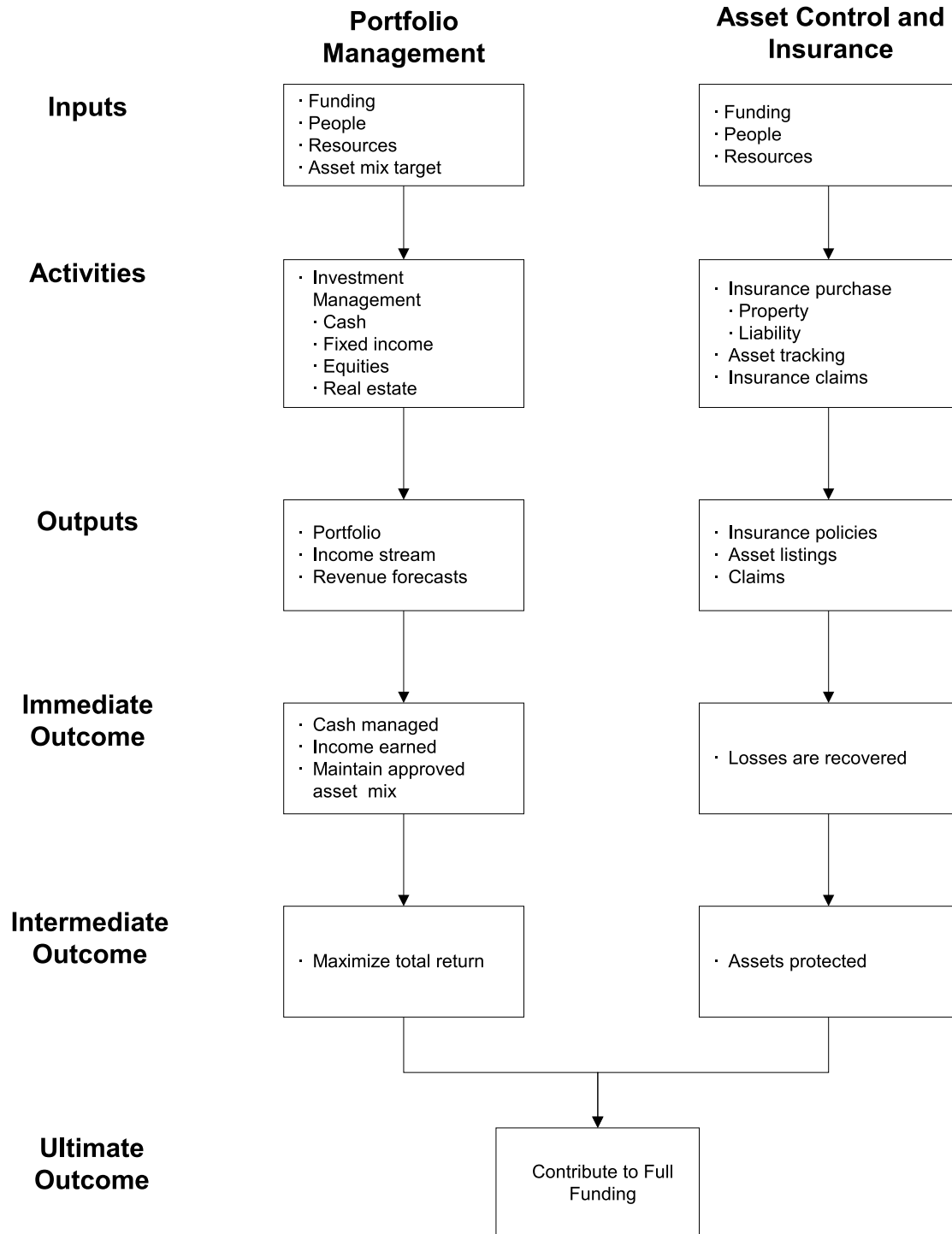
Compensation Logic Model



Assessment Logic Model



Treasury Logic Model



Appendix F: Assessment Criteria

This appendix contains the criteria we used to assess the WCB's accountability reporting. The first table contains the performance measures we believe should be reported to the Panel, followed by a second table for the annual report.

A. Panel Criteria

Areas of Interest	Performance Measures
Mandate and Direction of WCB Mandate and legislative compliance	<ul style="list-style-type: none"> ❖ Periodic analysis of the WCB legislation, its relevance and clarity. ❖ Assurance of compliance with governing legislation.
Mission, vision, values and standards of conduct	<ul style="list-style-type: none"> ❖ WCB mission, values, vision, and standards of conduct: <ul style="list-style-type: none"> – proposed changes; – inventory and assessment of the WCB's culture and values; and – identification of internal and external standards of conduct.
Strategic goals	<ul style="list-style-type: none"> ❖ Identification of strategic goals, and the development and reporting of corresponding indicators.
Relevance of WCB programs and regulations	<ul style="list-style-type: none"> ❖ Assurance on the continued relevance of WCB programs: <ul style="list-style-type: none"> – compare key trends to existing programs. ❖ Periodic assurance on the continued relevance of WCB regulations. ❖ Trends in client factors, including demographics, types of injuries, causes, etc., segregated by union versus non-union, by industry, sector, and type of employment.
Outputs and Outcomes of the WCB Adequacy of compensation to injured workers	<ul style="list-style-type: none"> ❖ Pre- and post-injury incomes of injured workers segregated by type of claim and by type of injury.

Areas of Interest	Performance Measures
Restoration of injured workers to pre-injury status	<ul style="list-style-type: none"> ❖ Level of injured workers returned to pre-injury physical and mental condition. ❖ Return to work (RTW) summary data: <ul style="list-style-type: none"> – percentage of claimants deemed RTW versus actual RTW; – information on re-openings; and – durability of RTW.
Safety in the workplace	<ul style="list-style-type: none"> ❖ Injury or claim rate. ❖ Seriousness of the injuries. ❖ Level of compliance. ❖ Root causes of injuries over time. ❖ Periodic assessment of the impact of prevention activities on the safety performance of targeted firms.
Fairness of the funding load	<ul style="list-style-type: none"> ❖ Periodic assessment of the completeness of registration. ❖ Assurance on the completeness of collection: <ul style="list-style-type: none"> – total write-offs; – age of accounts receivable; – audit adjustments; and – collection ratio (i.e., total assessment revenue receivable divided by total assessment income). ❖ Periodic assessment of the classification process, the methodology used, the categories chosen, employer satisfaction, and any significant issues. ❖ Assurance of fairness of assessment rates: <ul style="list-style-type: none"> – define fairness; and – disclosure of factors that affect fairness.
Financial sustainability	<ul style="list-style-type: none"> ❖ Percent funded. ❖ Return on investments as compared to benchmarks. ❖ Other financial results. ❖ Internal financial controls.
Quality of adjudication	<ul style="list-style-type: none"> ❖ Assurance on the quality of adjudication: <ul style="list-style-type: none"> – identification of the factors that impact quality. ❖ Proportion of claims allowed, disallowed, or rejected. ❖ Number of appeals and percentage of entitlement decisions overturned by the Review Board, the Appeal Division or the Medical Review Department.

Areas of Interest	Performance Measures
Service quality	<ul style="list-style-type: none"> ❖ Timeliness for each type of claim and for all WCB services. ❖ Client satisfaction survey for workers, employers, MLAs and service providers, segregated by type of injury, type of claim, etc. ❖ Fairness of access to services.
Public awareness	<ul style="list-style-type: none"> ❖ Level of public awareness of the WCB's: <ul style="list-style-type: none"> – Mission, vision, values, and goals. – WCB regulations and workplace safety.
Efficiency	<ul style="list-style-type: none"> ❖ Level of administrative efficiency. ❖ Administrative costs as compared to service quality measures. ❖ Cost-effectiveness of strategic projects.
Secondary impacts	<ul style="list-style-type: none"> ❖ Identification and assessment of key secondary impacts.
Organizational Capacity Human resources	<ul style="list-style-type: none"> ❖ Total number of FTEs for the WCB and for each division and employment level. ❖ Staff morale: <ul style="list-style-type: none"> – employee survey; – grievance activity by division and type; – absence statistics by division and reason; and – recruitment and turnover activity by division and level, including Board and executive levels. ❖ Skill base of staff: <ul style="list-style-type: none"> – gap analysis of skills needed for key functions versus skills currently held; and – corporate response to gap (e.g., training plan and/or recruiting plan). ❖ Diversity of WCB workforce: <ul style="list-style-type: none"> – comparison of WCB workforce diversity to the diversity of the general population; and – assessment of the percentage of equity group members present in the various employment levels. ❖ Disclose policy on executive compensation.
Quality of information	<ul style="list-style-type: none"> ❖ Assessment regarding adequacy, appropriateness and timeliness of management information.
Risk management	<ul style="list-style-type: none"> ❖ Identification of key WCB risks, mitigation and recovery strategies, and outcomes of the strategies.

B. Annual Report Criteria

Areas of Interest	Performance Measures
Mandate and Direction of WCB Mandate and legislative compliance	<ul style="list-style-type: none"> ❖ Periodic analysis of the WCB legislation, its relevance and clarity. ❖ Assurance of compliance with governing legislation.
Mission, vision, values, and standards of conduct	<ul style="list-style-type: none"> ❖ WCB mission, values, vision, and standards of conduct: <ul style="list-style-type: none"> – proposed changes; – inventory and assessment of the WCB's culture and values; and – identification of internal and external standards of conduct.
Strategic goals	<ul style="list-style-type: none"> ❖ Identification of strategic goals, and the development and reporting of corresponding indicators.
Relevance of WCB programs and regulations	<ul style="list-style-type: none"> ❖ Assurance on the continued relevance of WCB programs: <ul style="list-style-type: none"> – compare key trends to existing programs. ❖ Periodic assurance on the continued relevance of WCB regulations. ❖ Trends in client factors, including demographics, types of injuries, causes, etc., segregated by union versus non-union, by industry, sector, and type of employment.
Outputs and Outcomes of the WCB Adequacy of compensation to injured workers	<ul style="list-style-type: none"> ❖ Pre- and post-injury incomes of injured workers segregated by type of claim and by type of injury.
Restoration of injured workers to pre-injury status	<ul style="list-style-type: none"> ❖ Level of injured workers returned to pre-injury physical and mental condition. ❖ Return to work (RTW) summary data: <ul style="list-style-type: none"> – percentage of claimants deemed RTW versus actual RTW; – information on re-openings; and – durability of RTW.

Areas of Interest	Performance Measures
Safety in the workplace	<ul style="list-style-type: none"> ❖ Injury or claim rate. ❖ Seriousness of the injuries. ❖ Level of compliance. ❖ Root causes of injuries over time. ❖ Periodic assessment of the impact of prevention activities on the safety performance of targeted firms.
Fairness of the funding load	<ul style="list-style-type: none"> ❖ Periodic assessment of the completeness of registration. ❖ Assurance on the completeness of collection: <ul style="list-style-type: none"> – total write-offs; – age of accounts receivable; – audit adjustments; and – collection ratio (i.e., total assessment revenue receivable divided by total assessment income). ❖ Periodic assessment of the classification process, the methodology used, the categories chosen, employer satisfaction and any significant issues. ❖ Assurance of fairness of assessment rates: <ul style="list-style-type: none"> – define fairness; and – disclosure of factors that affect fairness.
Financial sustainability	<ul style="list-style-type: none"> ❖ Percent funded. ❖ Return on investments as compared to benchmarks. ❖ Other financial results. ❖ Internal controls.
Quality of adjudication	<ul style="list-style-type: none"> ❖ Assurance on the quality of adjudication: <ul style="list-style-type: none"> – identification of the factors that impact quality. ❖ Proportion of claims allowed, disallowed, or rejected. ❖ Number of appeals and percentage of entitlement decisions overturned by the Review Board, the Appeal Division or the Medical Review Department.
Service quality	<ul style="list-style-type: none"> ❖ Timeliness for each type of claim and for all WCB services. ❖ Client satisfaction survey for workers, employers, MLAs and service providers, segregated by type of injury, type of claim, etc. ❖ Fairness of access to services.

Areas of Interest	Performance Measures
Public awareness	<ul style="list-style-type: none"> ❖ Level of public awareness of the WCB's: <ul style="list-style-type: none"> – Mission, vision, values, and goals. – WCB regulations and workplace safety.
Efficiency	<ul style="list-style-type: none"> ❖ Level of Administrative efficiency. ❖ Administrative costs as compared to service quality measures. ❖ Cost-effectiveness of strategic projects.
Secondary impacts	<ul style="list-style-type: none"> ❖ Identification and assessment of key secondary impacts.
Organizational Capacity Human resources	<ul style="list-style-type: none"> ❖ Total number of FTEs for the WCB and for each division and employment level. ❖ Skill base of staff: <ul style="list-style-type: none"> – gap analysis of skills needed for key functions versus skills currently held; and – corporate response to gap (e.g., training plan and/or recruiting plan). ❖ Diversity of WCB workforce: <ul style="list-style-type: none"> – comparison of WCB workforce diversity to the diversity of the general population; and – assessment of the percentage of equity group members present in the various employment levels. ❖ Disclose policy on executive compensation.



Appendix G: WCB Reporting on Strategic Goals

The following table summarizes our analysis of the key performance indicators provided by management to measure the performance of the WCB's 15 strategic goals and our recommended enhancements or additions to these indicators.

Strategic Goal	Key Performance Indicator Included in Panel Reporting	Included in Annual Report	Recommended Enhancements/ Additions
Client Service Objectives 1. Assist industry to lower serious work-place injury rates per 100 person years by 10% by 2000.	❖ Injury and STD ¹ claim rates.	✓	❖ Define the seriousness of the injuries.
2. Pay entitled workers within 17 days from the date of injury by 1997.	❖ The average number of days from the date of disablement to the first STD payment. ❖ The percentage of claims first paid within 17 days of the date of disablement.	✓	❖ We have suggestions elsewhere in the report regarding other dimensions of timeliness that we believe should be measured.
3. Raise client service satisfaction to 85% by 1998.	❖ Overall satisfaction by service delivery location. ❖ Aggregate client satisfaction (injured workers only).	✓	❖ Define clients to include employers and all workers, as well as stakeholders and enhance segmentation (discussed in the Service Quality section of this report).
4. Improve the safe RTW rate for workers with permanent disabilities by 10% by 2000.	❖ RTW ² rates for all closures.	—	❖ Break down RTW rates by types of claims and injuries, including permanent disabilities. ❖ Include in the annual report.

Strategic Goal	Key Performance Indicator Included in Panel Reporting	Included in Annual Report	Recommended Enhancements/ Additions
5. Improve the time from disablement to safe RTW by 20% by 2000.	<ul style="list-style-type: none"> ❖ Retrospective duration (the number of days of wage loss paid per claim on the initial period of STD). ❖ Durations of STD. 	✓	<ul style="list-style-type: none"> ❖ Define "safe RTW" and report on RTW accordingly.
<p>Financial Objectives</p> 6. Raise administrative cost efficiency by 20% by 2000.	<ul style="list-style-type: none"> ❖ Administrative costs per \$100 of assessable payroll. 	✓	<ul style="list-style-type: none"> ❖ Elsewhere in this report, we have recommended that the WCB should define "administrative" and include this definition in the annual report.
7. Restore accident fund to fully funded status by 2000 and provide prudent reserves.	<ul style="list-style-type: none"> ❖ Percent funded. 	✓	<ul style="list-style-type: none"> ❖ None.
8. Require an average internal rate of return of 35% for all strategic capital expenditures by 1996.	<ul style="list-style-type: none"> ❖ None, but a note in the KPI reports states, "These figures will be reported in the future." 	✓	<ul style="list-style-type: none"> ❖ Report on rate of return and/or measures of success for all strategic capital expenditures.
9. Obtain return on investment of Board funds that exceeds the average while maintaining a prudent risk profile for investments.	<ul style="list-style-type: none"> ❖ Asset allocation. ❖ Investment portfolio. ❖ TSE 300³ and S&P 500⁴ indices. 	✓	<ul style="list-style-type: none"> ❖ Report on return on investment results compared to relevant indices and include in the annual report.

Strategic Goal	Key Performance Indicator Included in Panel Reporting	Included in Annual Report	Recommended Enhancements/ Additions
<p>Corporate Leadership Objectives</p> <p>10. Have the leadership, technology, skills and support which staff need to succeed.</p>	<ul style="list-style-type: none"> ❖ None. 	<p>—</p>	<ul style="list-style-type: none"> ❖ Develop an inventory of WCB skills and report on any gaps and management's response to these gaps to the Panel and in the annual report.
<p>11. Have employees motivated and committed to realizing their potential within the organization.</p>	<ul style="list-style-type: none"> ❖ Statistics relating to employee absenteeism, recruitment, and grievance. ❖ Currently, management reports the results of the employee morale survey. 	<p>—</p>	<ul style="list-style-type: none"> ❖ None.
<p>12. Have a relationship with the Compensation Employees' Union based on mutual respect and understanding.</p>	<ul style="list-style-type: none"> ❖ Grievance activity. 	<p>—</p>	<ul style="list-style-type: none"> ❖ Conduct periodic qualitative assessments of the relationship and report the results to the Panel.
<p>Community Profile Objectives</p> <p>13. Provide communications support to maximize effectiveness of health, safety, and RTW initiatives.</p>	<ul style="list-style-type: none"> ❖ None. 	<p>—</p>	<ul style="list-style-type: none"> ❖ Report in the annual report and to the Panel on related activities, outputs and outcomes.
<p>14. Foster improved understanding of the Board's objectives.</p>	<ul style="list-style-type: none"> ❖ Media comparisons (i.e., positive, negative and neutral print media). 	<p>—</p>	<ul style="list-style-type: none"> ❖ Conduct a public awareness survey and report the results to the Panel and in the annual report.

Strategic Goal	Key Performance Indicator Included in Panel Reporting	Included in Annual Report	Recommended Enhancements/ Additions
15. Champion the accommodation of persons with disabilities in the workplace.	❖ None.	—	❖ Report in the annual report and to the Panel on related activities, outputs and outcomes.

¹STD – short term disability

²RTW – return to work

³TSE – Toronto Stock Exchange

⁴S&P – Standards and Poor

