

Chapter 3

Workers' Compensation Board: Claims Management



Overall Conclusions

- The Workers' Compensation Board generally manages workplace injury claims effectively, in compliance with policies and procedures. However, we identified 12 recommendations for improvement.
- Weaknesses identified include not being timely and inadequate complaint and privacy processes.

Claims and Benefits Administration

- Our testing showed that decisions on workers' claims met policies and were supported
- Over half the time, our testing showed workers did not receive written claim decisions within 30 days
- Half of workers tested did not receive communication about the calculation of their benefits
- Workers' complaints may not be addressed properly due to significant deficiencies in the complaint process

Internal Appeals

- Our testing showed that appeals were evaluated in line with policies
- Almost half of our tests showed that employers inappropriately received sensitive private medical information that was not claim related
- Several workers' appeals were not processed in line with the WCB's 90-day target
- Our testing showed that workers' appeals, on average, took 50 business days to assign
- Almost half of the approved appeals tested took more than 2 weeks for the implementation process to begin

Return-to-Work Planning

- WCB managed workers return to work on a timely and appropriate basis in accordance with policies
- Most files tested needed improved documentation to support effective monitoring and to prevent potential errors

Quality Assurance and Staff Development

- Quarterly manager file reviews were not done as required for half of caseworkers tested
- Poor tracking of training records meant it was unclear if WCB workers took their required training
 - 65% of WCB employees tested had no record to show crisis prevention training had been taken
- Performance management processes were not always completed
 - 30% of tested employees did not have a six-month performance review in 2017

Service Provider Contracts

- The service contract for complex sprain and strain injuries was awarded in line with procurement policy
- WCB monitors services to workers and evaluates results against performance targets
- WCB could improve its required quarterly reporting meeting process
- Services were received, and payments made, in accordance with contract terms
- Reported incidents were investigated with actions taken as required



Recommendations at a Glance

Recommendation 3.1

The Workers' Compensation Board should ensure that they are consistently communicating with injured workers on a timely basis and providing all relevant details regarding decisions, including how benefits were calculated.

Recommendation 3.2

The Workers' Compensation Board should review performance standards for requesting permanent impairment benefit assessments and implement processes to ensure these standards are monitored.

Recommendation 3.3

The Workers' Compensation Board should improve the complaint resolution process, including implementing proper segregation of duties, and the creation of a formal complaint log that includes all complaints received, as well as documenting the actions taken, both to make an initial decision on the validity of the complaint and to ensure service delivery standards are met. Management should also implement a quality review process over complaints.

Recommendation 3.4

The Workers' Compensation Board should ensure that both the injured worker and employer accept the initial accident report.

Recommendation 3.5

The Workers' Compensation Board should review benefit payment processes and implement controls to ensure that only authorized additions and changes to benefits happen, and that supporting documentation for all payments is on file.

Recommendation 3.6

The Workers' Compensation Board should review current practices and implement an updated process, including review and document retention standards, for vetting workers' files to ensure all sensitive unrelated information is removed before being sent to a third party.

Recommendation 3.7

The Workers' Compensation Board should establish processes to ensure that appeal decisions are made within targeted timeframes, case management is clearly documented to support reasonable actions were taken to resolve the file in an efficient manner, and proper oversight exists.

Recommendation 3.8

The Worker's Compensation Board should establish implementation and monitoring processes to ensure that all appeal decisions are implemented in a timely and efficient manner.

Recommendation 3.9

The Workers' Compensation Board should ensure the return-to-work case management process is accurately documented and tracks the steps taken to return the worker to work, including any changes made during the process.

Recommendation 3.10

The Workers' Compensation Board should ensure that file reviews are completed as required, and document actions taken to resolve issues identified.



Recommendation 3.11

The Workers' Compensation Board should implement a system to monitor the completion of training by staff, including notification for when training updates are required.

Recommendation 3.12

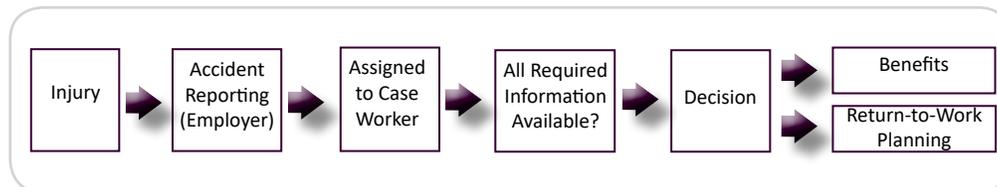
The Workers' Compensation Board should ensure that all parts of the performance planning and assessment process are completed and documented.



3 Workers' Compensation Board: Claims Management

- 3.1 In December 2018, we released an independent assurance report on governance practices and plans for the long-term sustainability of the Workers' Compensation Board. This report continues our look at workplace injury insurance and examines operational performance around claims and benefits administration, internal appeal processes, return-to-work programs, and contract management.
- 3.2 Background information on the Workers' Compensation Board is available in Appendix II.

Claims and Benefits Administration



Workers' Compensation Board follows policies and procedures when making claims decisions

- 3.3 When a worker experiences an injury on the job, employers are required to notify the Workers' Compensation Board within five business days. Upon receipt, the Workers' Compensation Board assigns the claim to a caseworker based on the nature of the injury and risk level. In 75% of cases, a decision regarding initial approval of compensation is expected to be made within two weeks of when the claim was registered. The remaining 25% are more complex cases which require additional time to adequately review and, when necessary, obtain additional information.
- 3.4 Overall, we found that the Workers' Compensation Board followed its policies and procedures when forming initial decisions regarding the award of compensation in the 30 claims decisions tested. While claims decision-making often involves professional judgment, we found that decisions were reasonable, consistent with information in the file, and sufficiently supported.
- 3.5 In instances when claims contained conflicting information, we found that caseworkers took reasonable action and consulted with internal medical advisors as appropriate.



➡ **Workers' Compensation Board did not complete written decisions on a timely basis**

- 3.6 When a claim is denied, the worker is first informed of the decision generally by phone, and then a formal written decision explaining the full rationale is prepared. Either the injured worker or the employer can request this written decision after any decision is reached. The internal policy states this written decision should be completed within 2 days of the decision being made; however, management stated that 30 days is used in practice.
- 3.7 The written decision must be prepared prior to either the injured worker or employer launching an appeal of a claim decision, so having it completed in a timely manner is a key step in the process. It is important that the Workers' Compensation Board determine and consistently define the expected length of time to prepare these decisions, so everyone involved in the system knows what to expect.
- 3.8 Of the 30 claims examined, written decisions were required in 8 instances. Of the eight, none were prepared within 2 days, and only three were prepared within 30 days. The remaining five were prepared from between 38 and 160 days. This means injured workers did not get the information they needed to understand the decision process and their ability to begin an appeal was significantly delayed.

➡ **Workers' Compensation Board did not consistently communicate how benefits were calculated**

- 3.9 Compensation awarded to replace lost wages due to an injury is calculated based on a formula set out in the Workers' Compensation Act. All 30 claims we examined awarded, at a minimum, short-term compensation; however, half the workers were not issued a letter detailing how the compensation was calculated. If an injured worker does not have these details, it is very difficult for them to know if they are being treated fairly and receiving what they are entitled to.

Recommendation 3.1

The Workers' Compensation Board should ensure that they are consistently communicating with injured workers on a timely basis and providing all relevant details regarding decisions, including how benefits were calculated.

Workers' Compensation Board Response: The Workers' Compensation Board agrees with this recommendation. In 2018 the WCB implemented a new service advancement process to ensure case workers are communicating with workers in a timely manner. In Guidewire this will be an automatic activity required to complete, or it will be escalated to the manager. With Guidewire, the WCB will also update letters to provide clarity on how benefits are calculated. The WCB has also implemented a tracking process for decisions and appeals to ensure timely claim decisions and appeal decision implementation.



Workers' Compensation Board did not process permanent impairment benefits in a timely manner

- 3.10 Injured workers who suffer an injury with lasting impact could be eligible for a permanent impairment benefit, which is calculated separately from earnings replacement benefits. Once an injured worker reaches a level where no further improvement in their condition is expected, the worker is referred to a medical professional who conducts an assessment to determine if a permanent impairment exists and the degree of impairment. This is then factored into the benefit calculation.
- 3.11 There is no clear performance expectation regarding timelines for the caseworker to request a permanent impairment assessment. The caseworker is responsible to consult with the medical advisor to determine if the worker has reached their maximum improvement and then to request an assessment.
- 3.12 We examined 20 claims which were awarded a permanent impairment benefit and found that 9 were not issued in a timely manner; assessments were delayed from two months to a year.
- Five did not have assessments requested in a timely manner once the medical advisor confirmed maximum recovery.
 - Four were not referred to the medical advisor for confirmation in a timely manner, if at all.
- 3.13 Permanent impairment benefits cannot be calculated until the assessment is completed. Therefore, not conducting assessments in a timely manner results in unnecessary delays to the injured worker receiving compensation they are entitled to.
- 3.14 We found 4 of 19 cases were not calculated in a timely manner, even once the necessary medical assessments and information were provided. While most cases took an average of 9 days, these four cases ranged from 38 to 185 additional days to finalize the calculations, adding further delay for the injured worker.

Recommendation 3.2

The Workers' Compensation Board should review performance standards for requesting permanent impairment benefit assessments and implement processes to ensure these standards are monitored.

Workers' Compensation Board Response: The Workers' Compensation Board agrees with this recommendation. Over the next 12 months the WCB will explore best practice for requesting permanent impairment assessments. The new Guidewire system will allow for an activity to be added for case workers once the assessment has been added to the file to ensure benefits are implemented in a timely manner.



Significant deficiencies noted with the Workers' Compensation Board complaint process

- 3.15 The Client Relations Officer is responsible for the entire complaint process, from receiving the initial intake by phone, email, or in person, through to the final investigation. There is no review by management or an alternative quality control process in place at any stage. We were therefore unable to obtain any assurance that records included all complaints received.
- 3.16 Communications received are classified as either an inquiry or a complaint. A complaint is considered a formal expression of dissatisfaction with a request for the problem to be resolved. There is no formal process to file a complaint, such as the use of a standard form. Therefore, it is reliant on the Client Relations Officer's interpretation of whether a communication should be considered a complaint, as opposed to an inquiry which does not require extensive investigation.
- 3.17 Once classified as a complaint, the Client Relations Officer decides whether it is valid. If determined to be not valid, no record of the investigation is retained. Because of this, we could not assess whether the decision to deem a complaint as not valid was appropriate.
- 3.18 In examining a sample of ten complaint files which were found to be valid, and therefore investigated further, we found that reasonable action was taken based on the nature of the complaint. However, action was not always timely, and in several instances, information to support that the complaint was resolved was not maintained in the complaint file. Instead, it was located by reviewing correspondence in the worker's claim file. The lack of proper support makes review and oversight of this process difficult.
- 3.19 Many of the complaints received relate to timeliness and communication challenges with caseworkers. These types of concerns are consistent with the issues identified throughout our audit and emphasize the importance of an effective complaint resolution process. Based on the existing processes in place, there is a high risk that not all complaints are documented and adequately addressed, and there is no way to confirm this.

Recommendation 3.3

The Workers' Compensation Board should improve the complaint resolution process, including implementing proper segregation of duties, and the creation of a formal complaint log that includes all complaints received, as well as documenting the actions taken, both to make an initial decision on the validity of the complaint and to ensure service delivery standards are met. Management should also implement a quality review process over complaints.



Workers' Compensation Board Response: The Workers' Compensation Board agrees with this recommendation. Over the next 12-18 months we will undertake a best practice review of complaint resolution processes and revise our program and processes based on that review.



Workers' Compensation Board did not ensure injured workers sign accident reports

- 3.20 When a worker is injured on the job and either misses time from work or medical attention is needed, employers are required to use an injury report form to notify the Workers' Compensation Board. The form indicates that both the employer and worker must sign the report; however, more than half of the accident reports we examined did not contain the signature of the injured worker.
- 3.21 It is important that the worker's signature is present to show they agree that the information submitted, which forms the initial basis for the claim, is accurate and complete. It also provides consent that the Workers' Compensation Board may need in order to obtain and distribute information from MSI and Medavie Blue Cross to process the claim.

Recommendation 3.4

The Workers' Compensation Board should ensure that both the injured worker and employer accept the initial accident report.

Workers' Compensation Board Response: The Workers' Compensation Board agrees that workers should have access to the information on their workplace injury submitted by their employer, and they should understand that the WCB may need to obtain and process information from MSI and Medavie Blue Cross to process their claim. Increasingly, accident reports are submitted electronically by the employer without employer or worker signatures. Over the next 12-24 months the WCB will explore options on how to leverage the new Guidewire system to ensure workers have this information. In the meantime, when the worker has not signed the accident report, the case worker, as part of their initial contact, will read the description of accident to the worker to ensure it is accurate and complete and explain the ability of WCB to obtain medical information needed in relation to the injury from any current or previous health care person.



Workers' Compensation Board has control deficiencies in payment authority

- 3.22 All caseworkers at the Workers' Compensation Board can establish and/or modify compensation benefits for lost wages for any injured worker. There is no quality review or other monitoring process in place to ensure only authorized additions and changes are made. During detailed examination, we determined that initial rate calculations for short-term claims were appropriately supported. 16 of the 30 claims had additional adjustments and all were appropriately supported with a new rate sheet.



- 3.23 We did not identify any instances of unauthorized additions or changes. However, with no quality review or other monitoring process, benefits could be awarded or withheld from a worker without detection by the Workers' Compensation Board and therefore, should be addressed.
- 3.24 While rate sheets and authorizations were in place for all benefit payments, we identified several concerns including:
- three had no supporting documentation so we could not confirm the accuracy of the benefit calculation
 - two contained minor mathematical or input errors resulting in under or over payments to the injured worker of less than \$100 in total
- 3.25 Benefits are specifically set out in the Act and it is imperative that these are calculated correctly to ensure that workers receive what they are entitled to.

Recommendation 3.5

The Workers' Compensation Board should review benefit payment processes and implement controls to ensure that only authorized additions and changes to benefits happen, and that supporting documentation for all payments is on file.

Workers' Compensation Board Response: The Workers' Compensation Board agrees with this recommendation. With the implementation of the Guidewire system, all payments and history is recorded in the claim file and cannot be paid without the record. Over the next 12-24 months the WCB will review the current benefit calculation and payment processes and research best practice to ensure we have appropriate controls in place. Currently long-term benefits are calculated by a quality assurance position for the case worker and then authorized by the case worker.

Internal Appeals

- 3.26 Internal appeals are the first step in the process if a worker or employer disagrees with a claim decision. 1,450 notice of appeals were received by the Workers' Compensation Board in 2016, and 1,418 in 2017. Approximately, 15% of internal appeals result in the appeal being approved, at least in part.
- 3.27 We found the Workers' Compensation Board generally followed its process. In all 20 internal appeals we tested, both parties were appropriately notified of the appeal and provided the opportunity to make a submission. When submissions, and other documents requested by the hearing officer were received, the appeal was reviewed in full and a decision was made. A written decision was prepared for all internal appeals tested, and it explained the reasoning of the hearing officer, including references to legislation, as required.



- 3.28 Although the appropriate process to come to a decision was followed, we were concerned to find privacy breaches, and more issues around timeliness, which could continue to cause delays for some injured workers to receive proper benefits.



Privacy breaches occurred in files provided to employers during the internal appeal process

- 3.29 During the internal appeal process, an employer may request access to information in a worker's claim file. Documents provided are to be limited to information relevant to the Board's decision and redacted as necessary to remove irrelevant information. Of concern, is the sharing of any medical information unrelated to the injury or medical issue in question.
- 3.30 We tested 20 files that were sent to employers and found 9 included sensitive information that was not clearly relevant to the claim and decision. It included, for example, medications the worker was taking and information on current and past illnesses and injuries.
- 3.31 In six of the nine files, sensitive information was redacted in some places in the file, but not in all. This clearly showed that the staff member who performed the vetting believed the information to be sensitive and unnecessary to the decision, but they failed to redact it in all instances.
- 3.32 Workers' Compensation Board policy requires that a manager review all files containing sensitive information prior to the file being sent to the employer; however, no manager reviewed three of the nine files. Even when a manager reviewed a file, privacy breaches still occurred.
- 3.33 Vetted files are destroyed one year after they are sent to the employer. This process is not documented in policy. Provincial document retention policies require similar records be kept for a longer period. For example, redacted FOIPOP case documents must be retained for at least nine years. Due to the Board's process, we were only able to select claim files sent to employers within the year prior to our testing.
- 3.34 Disclosure of an injured worker's medical records is a high-risk area, as unauthorized release of information not related to the claim decision could have a significant and potentially detrimental impact for the worker. Processes in place to release these types of sensitive documents must reflect the importance of a worker's privacy and ensure only necessary information is provided to employers.

**Recommendation 3.6**

The Workers' Compensation Board should review current practices and implement an updated process, including review and document retention standards, for vetting workers' files to ensure all sensitive unrelated information is removed before being sent to a third party.

Workers' Compensation Board Response: The Workers' Compensation Board agrees with this recommendation. Over the next 12-24 months the WCB will explore best practice options for document review, retention and vetting sensitive information removal.

 **Decisions on internal appeals often exceed the targeted timeframe**

- 3.35 Six of 20 appeals tested did not meet the overall timeline established, and there was no support to justify why the target was exceeded in four cases.
- 3.36 The Workers' Compensation Board has a target of 90 days to complete an appeal from the date a notice of appeal is received to the decision date. In the 4 of 20 appeals with delays that did not appear reasonable, decisions were made from between 140 to 458 business days. Management stated all targets are based on business days. This is not clearly defined in documentation and this expectation should be clarified for stakeholders.
- 3.37 When a worker files an appeal they have already gone through the initial claim process to obtain a written decision, and as discussed above, many have experienced delays in that process. It is therefore essential that appeal decisions be rendered in a timely manner.

 **Case management and monitoring of internal appeals is not adequate**

- 3.38 There is no standardized process to indicate what specific documentation should be in each claim file, and no clear expectations of what steps in the process hearing officers should document. As a result, it is difficult to track the status of appeals as it is necessary to read each document on file, one-by-one, to follow the process. This is a time-consuming practice and makes efficient monitoring by management difficult.
- 3.39 We also noted a lack of direction on what to do when delays are requested by a worker, employer, representative, or Workers' Compensation Board staff. A delay results in the appeal taking longer to be decided and can negatively impact the worker or employer through delaying the receipt of benefits or paying increased fees. We noted two examples of this occurring in the files we tested.
- For one file tested, the appeal did not require additional information; however, the hearing officer placed a delay request on the file before



scheduling a hearing. Neither the reason for the delay, nor the expected timeframe for the hearing, was documented.

- In the other example, various pieces of additional information, that did not appear to be requested by the hearing officer, were provided over an extended time period by the employer. This resulted in the decision taking 308 business days to make, with no explanation for why the information was required, or even deadlines for the employer to provide the additional information.

3.40 Each week, the manager works with the hearing officers to prioritize files, but there is no policy defining how this should be done. The current procedure only states that the hearing officers will identify any priority appeals. A more descriptive policy would help ensure files are consistently prioritized.

3.41 We found there were significant delays in assigning files to a hearing officer to begin the appeal process. For the 20 appeals tested, we found the average time it took a file to be assigned to a hearing officer was 50 business days, more than half the 90-day timeframe in which an appeal is to be decided. There is no justification for files not to be assigned to a hearing officer in a timely manner. Assigning files in a timely manner allows hearing officers to perform the initial review to request additional documents, if required.

Recommendation 3.7

The Workers' Compensation Board should establish processes to ensure that appeal decisions are made within targeted timeframes, case management is clearly documented to support reasonable actions were taken to resolve the file in an efficient manner, and proper oversight exists.

Workers' Compensation Board Response: The Workers' Compensation Board agrees with this recommendation. Over the next 12-24 months the WCB will review the current process and research best practice to ensure an efficient and timely internal appeals process within the policy timelines, including developing standards for documentation and monitoring of performance to standards. To improve timeliness of appeal decisions, the WCB has hired an additional Hearing Officer.



No process for implementing internal appeal decisions

3.42 There is no formal written procedure specifying the process or timelines to implement the results of any appeal, whether internal or from the Workers' Compensation Appeals Tribunal. The Appeals Tribunal is an independent office from the Workers' Compensation Board and is the next step in the process if someone disagrees with the internal appeal decision.

3.43 Management told us they use a target of two weeks to begin implementation after a decision is rendered, but we could not find any documentation



indicating how long it should take to implement each decision nor anything to show who is responsible for implementation or to monitor that it happens. We found that in 5 of 10 internal appeal decisions, and 4 of 10 Workers' Compensation Appeals Tribunal decisions, implementation began more than two weeks after the decision.

- 3.44 The Workers' Compensation Board should use a centralized monitoring approach to ensure that appeal decisions are implemented. Without monitoring processes, there may be further delays to a worker obtaining benefits.

Recommendation 3.8

The Worker's Compensation Board should establish implementation and monitoring processes to ensure that all appeal decisions are implemented in a timely and efficient manner.

Workers' Compensation Board Response: The Workers' Compensation Board agrees with this recommendation. We have implemented a process to centralize the review of appeal decisions, document and monitor implementation. With Guidewire, an activity will be added to the file for the case worker to ensure the appeal is implemented. Notification will be escalated to the manager if the activity is not completed.



Medical review process is not in line with Workers' Compensation Act

- 3.45 The Workers' Compensation Act includes reference to a Medical Review Commission from whom medical opinions could be requested by the Workers' Compensation Board. This panel of medical experts would be appointed by the Minister of Labour and Advanced Education, but the panel was never established.
- 3.46 The 2002 Dorsey Report stated that the committee found no support to establish the Medical Review Commission and the current appeal systems were working well. Management at Labour and Advanced Education stated that this view was widely accepted based on the general response to take action on the Dorsey Report, although the Medical Review Commission was not explicitly addressed.
- 3.47 The Act has seen several changes since the Dorsey report in 2002; however, the section regarding the Medical Review Commission remains in legislation. The Act and current practice should be consistent so that everyone understands what to expect.



Return-to-Work Planning



Approach to return-to-work is timely and appropriate

- 3.48 Guidance on return-to-work scenarios is provided to caseworkers through a case management toolkit. We found there is an appropriate level of guidance provided to caseworkers regarding return-to-work planning and, if needed, caseworkers have channels available to them to seek additional direction.
- 3.49 In all 30 of the claims we reviewed, we found that the caseworker managed the worker's return-to-work process in a timely and appropriate manner, following the defined process for coordinating their return to work. All 30 files included initial medical reports, regular medical updates, and evidence of meetings held with relevant parties when progress towards a worker's return to work did not occur as anticipated.



Return-to-work plans are not clearly documented

- 3.50 Only 5 of the 30 claims tested had the return-to-work approach adequately documented on the action plan which is supposed to be the central location for the return-to-work plan. All claim files contained correspondence discussing the return-to-work process and medical documentation to support the approach to be used; however, this information and status updates were spread throughout the worker's file and were not clearly outlined on the action plan.
- 3.51 This situation is further complicated by the fact that the action plan is currently a living document that can be edited by the caseworker at any point. This results in it not being reliable as a historical record of the return-to-work process.
- 3.52 For example, one of the fields to be documented on the action plan is the final return-to-work date. We found 11 claims with the return-to-work date noted on the action plan not matching the return-to-work date noted in the claims administration system. Management told us this may have happened because the date was initially input then later changed on the action plan; however, there was no record of the change, therefore it is unclear which system is accurate. The claims administration system must be accurate because it is used to evaluate performance targets which are periodically reported to the Board of Directors.
- 3.53 Sufficient and accurate documentation of the return-to-work plan is important for monitoring and resolving claims on a timely basis. By not documenting the return-to-work plan, there is a risk that caseworkers could miss certain pieces of information in the process, resulting in a less efficient and effective return to work.



Recommendation 3.9

The Workers' Compensation Board should ensure the return-to-work case management process is accurately documented and tracks the steps taken to return the worker to work, including any changes made during the process.

Workers' Compensation Board Response: The Workers' Compensation Board agrees with this recommendation. Over the next 12-24 months the WCB will review the capabilities of the new Guidewire system to determine what the best approach will be to ensure accurate documentation of the return to work process.

Quality Assurance and Staff Development



File review processes are not consistently followed

3.54 In 2018, the Workers' Compensation Board created a new file review specialist role with responsibility to review select caseworker caseloads. The file review process is in place to provide guidance to caseworkers regarding the timely resolution of their active claims and provide feedback to improve overall quality of service delivery. We found issues around completeness and timeliness of the reviews done by the file review specialist.

3.55 Managers also complete a sample of file reviews on each caseworker. We found managers had not completed these quarterly reviews for half of the ten caseworkers we tested. We encourage management to ensure these are addressed going forward, as both review processes have a direct impact on improving the quality of service provided to injured workers.

Recommendation 3.10

The Workers' Compensation Board should ensure that file reviews are completed as required, and document actions taken to resolve issues identified.

Workers' Compensation Board Response: The Workers' Compensation Board agrees with this recommendation. This was added to the WCB's Enterprise Risk Management process last year and it is reviewed annually.



Limited to no tracking of training completion

3.56 All new caseworkers are required to complete a six to eight-week training program that consists of classroom training, self-study, eLearn training, and meetings with their coach and manager. Those responsible for higher risk claims must also complete an onboarding process focused on advanced practical application of the theory learned during the caseworker program.

3.57 Prior to late 2018, the completion of both the caseworker program and the advanced onboarding process were manually tracked on paper which was then provided to the employee to use as a reference tool. There were no



records available during the audit period to determine if workers had completed either program as required.

- 3.58 The Workers' Compensation Board does not currently have a schedule to track who needs to complete training updates. They rely on the information recorded by the employee which is reviewed by management. We found this information was not consistently completed.
- 3.59 Management indicated that the human resources department is responsible to ensure that all orientation training courses are completed and to track when employees need to complete training updates. This is contrary to the view of the human resources department which indicated that this is the responsibility of management.
- 3.60 Internal policies require that various courses be updated at different times, but there is no system or process to ensure this happens. For example, all employees are required to have crisis prevention training and update it every three years. We selected a sample of 26 employees for testing and found 17 had no record of having ever completed the crisis prevention training. Of the remaining nine employees who completed the initial training or update, four did not complete it on schedule.

Recommendation 3.11

The Workers' Compensation Board should implement a system to monitor the completion of training by staff, including notification for when training updates are required.

Workers' Compensation Board Response: The Workers' Compensation Board agrees with the recommendation. We will utilize our Learning Management System for this purpose if possible, or we will resolve it through the planned implementation of a new Human Resources Information System in 2020. By policy, Managers are responsible to ensure employee training is completed and we will reinforce this message to the leadership team in 2019.



Annual and interim performance evaluations were not completed as required

- 3.61 Annual performance evaluations of caseworkers were done on time; however, not all sections of the performance planning and assessment form were completed. We found that only 11 of 24 assessments were completed correctly in 2016 and only 17 of 26 assessments were completed correctly in 2017.
- 3.62 Part of the performance planning and assessment process is a six-month interim performance review. We found that only 10 of 22 assessments requiring an interim review had one completed for 2016 and only 18 of 25 assessments requiring an interim review for 2017 had one completed.

**Recommendation 3.12**

The Workers' Compensation Board should ensure that all parts of the performance planning and assessment process are completed and documented.

Workers' Compensation Board Response: The Workers' Compensation Board agrees with the recommendation. We will update our performance planning and assessment process by the end of 2019 and work with the leadership team to ensure all elements of the performance planning and assessment tool are consistently completed and documented.

 **Caseworkers have required qualifications and security checks**

3.63 We selected a sample of 16 caseworkers hired during the audit period and found that all 16 had the required qualifications noted on their resumes and had a successful security check on file.

Service Provider Contracts **Contracts for treatment services cover key requirements and are properly awarded**

3.64 The Workers' Compensation Board has contracts with chiropractic and physiotherapy clinics to provide rehabilitation services for injured workers. There are three levels of service: tier 1, 2 and 3, which range from simple sprains, to more complex care cases. All credentialed service providers can apply to provide tier 1 services, whereas since May 2016 the more comprehensive tier 2 and 3 services are only provided across the province through one service provider.

3.65 As required by policy, the Workers' Compensation Board issued a request for proposals to award the contract for tier 2 and 3 services. Proposals were evaluated based on established criteria and the contract was awarded appropriately.

3.66 All contracts for tiered services include clear terms and conditions, including funding, performance expectations, and accountability requirements. Payments to service providers were well supported, appropriate and accurate, and no significant issues were identified.

 **Tier 2/3 contract performance is monitored**

3.67 As required in the tier 2/3 service contract, there are two committees in place to monitor the performance of the contract and improve upon services provided. Committee memberships consist of representatives from both the Workers' Compensation Board and the service provider and both functioned as intended to meet their defined objectives.



- 3.68 The contract and tier 2/3 service guides include performance measures and indicators to help determine if the service provider is achieving the program's goals and objectives. The Workers' Compensation Board has developed reports to monitor the service provider's performance against these pre-determined targets and the outcomes are reviewed and discussed with senior management at reporting meetings.
- 3.69 The contract requires quarterly performance reporting meetings; however, there was no documentation to provide evidence that these meetings occurred quarterly. Management noted that the reporting dashboard is available in real time; however, a clearly documented review process should be in place for the required check-in points to ensure there is evidence that performance results are reviewed.



Workers' Compensation Board has an incident investigation process

- 3.70 A process is in place for managing and tracking any incident or injury that takes place while an injured worker is attending a contracted clinic for treatment. We examined 10 incidents and found they were all investigated and appropriate action was taken, when required, to resolve the issue with the service provider.



Additional Comments from the Workers' Compensation Board

Overall, we are pleased this report confirms the WCB is managing workplace injury claims effectively.

In particular, the important aspects of managing return to work for those Nova Scotians hurt on the job and health services contract management, are foundational aspects of the WCB's contributions to this province, and we are pleased your review shows they are functioning appropriately overall.

When developing the WCB Strategic Plan 2016-2020 we recognized that workers and employers expect service improvements and your recommendations reaffirm this. We are, at this moment, implementing the biggest piece of the most extensive modernization in our history. Over time, this will bring improvements to the way we deliver service across people, process, and technology. The enhancements will begin to address many of the challenges associated with our current operations.

Your report includes many important opportunities for us to improve, particularly with regards to timeliness, complaints, documentation and some aspects of the way we handle employer access to claim file information.

We accept all of the recommendations and look forward to their implementation.



Appendix I

Reasonable Assurance Engagement Description and Conclusions

In spring 2019, we completed an independent assurance report of claims management at the Workers' Compensation Board. The purpose of this performance audit was to determine whether the Workers' Compensation Board is effectively managing workplace injury claims. The audit did not include the operations of the Workers' Compensation Appeals Tribunal or the Workers' Assistance Program. This is the second of a two-phase audit, following our report released in December 2018 that looked at governance practices and planning for long-term sustainability.

It is our role to independently express a conclusion about whether claims management complies in all significant respects with the applicable criteria. Management at the Workers' Compensation Board acknowledged their responsibility for claims management.

This audit was performed to a reasonable level of assurance in accordance with the Canadian Standard for Assurance Engagements (CSAE) 3001—Direct Engagements set out by the Chartered Professional Accountants of Canada; and Sections 18 and 21 of the Auditor General Act.

We applied the Canadian Standard on Quality Control 1 and, accordingly, maintained a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

In conducting the audit work, we complied with the independence and other ethical requirements of the Code of Professional Conduct of Chartered Professional Accountants of Nova Scotia, as well as those outlined in Nova Scotia's Code of Conduct for public servants.

The objectives and criteria used in the audit are below:

Objective:

1. To determine whether the Workers' Compensation Board follows defined policies and procedures to process claims and benefits in accordance with legislation and performance expectations.

Criteria:

1. The Workers' Compensation Board should have policies and procedures in place to ensure claims and benefits are processed in accordance with the Workers' Compensation Act.
2. The Workers' Compensation Board should make claim decisions based on the established process and communicate decisions in a clear and timely manner.
3. The Workers' Compensation Board should accurately calculate benefits and make payments in compliance with claim decisions.
4. The Workers' Compensation Board should have a quality control process.
5. The Workers' Compensation Board should provide adequate training and resources to staff to effectively fulfill their roles.



Objective:

1. To determine whether the Workers' Compensation Board follows a defined appeals process in accordance with legislation and performance expectations.
2. To determine whether the Worker's Compensation Board implements appeal decisions in a timely manner.

Criteria:

1. The Workers' Compensation Board should have processes in place to support timely and appropriate decision making for appeals.
2. The Workers' Compensation Board should make appeal decisions based on the process and communicate decisions in a clear and timely manner.
3. When a new decision is made as the result of an internal appeal, the Workers' Compensation Board should implement the decision in a timely manner.
4. When a new decision is made as the result of an appeal to the Workers' Compensation Appeals Tribunal, the Workers' Compensation Board should implement the decision in a timely manner.
5. The Workers' Compensation Board should provide adequate training and resources to staff to effectively fulfill their roles.

Objective:

1. To determine whether the Workers' Compensation Board follows a defined process to coordinate return-to-work plans.
2. To determine whether the Workers' Compensation Board is evaluating the effectiveness of return-to-work plans.

Criteria:

1. The Workers' Compensation Board should have a defined process in place to develop and coordinate return-to-work plans.
2. The Workers' Compensation Board should coordinate return-to-work plans based on the process.
3. The Workers' Compensation Board should monitor and evaluate the performance of return-to-work plans and consider changes to policies based on outcomes.
4. The Workers' Compensation Board should provide adequate training and resources to staff to effectively fulfill their roles.



Objective:

1. To determine whether service provider contracts are awarded based on the Workers' Compensation Board's procurement policy and monitored to ensure services are received, and payments made, in accordance with contract terms.
2. To determine how the Workers' Compensation Board assesses the performance of service provider contracts in meeting the goals and objectives of the Workers' Compensation Board.

Criteria:

1. The Workers' Compensation Board should follow its procurement process when procuring services.
2. Contracts should include clear terms and conditions, including funding, performance expectations, and accountability requirements.
3. The Workers' Compensation Board should monitor providers to ensure services are provided in compliance with contract terms prior to issuing payment.
4. There should be processes to evaluate contract performance to determine if the goals and objectives of the Workers' Compensation Board are met.
5. Timely action should be taken when performance issues are identified.

Generally accepted criteria consistent with the objectives of the audit did not exist. Audit criteria were developed specifically for this engagement. Criteria were accepted as appropriate by senior management at the Workers' Compensation Board.

Our audit approach consisted of interviews with management and staff of the Workers' Compensation Board, review of policy, examination of processes for claims management, and detailed file review. We examined relevant processes, plans, reports and other supporting documentation. Our audit period covered January 1, 2016 to December 31, 2017. We examined documentation outside of that period as necessary.

We obtained sufficient and appropriate audit evidence on which to base our conclusions on May 10, 2019, in Halifax, Nova Scotia.

Based on the reasonable assurance procedures performed and evidence obtained, we have formed the following conclusions:

- The Workers' Compensation Board follows the defined policies and procedures in place to process claims and benefits in accordance with legislation; however, issues related to timeliness and communication of key benefit information were identified.
- The Workers' Compensation Board follows a defined appeal process in accordance with legislation and performance expectations; however, issues were identified with privacy breaches and timeliness.
- The Worker's Compensation Board has no process to monitor that appeal decisions are implemented, and the implementation process was often not started within the target timeframe.
- The Workers' Compensation Board follows a defined process to coordinate return-to-work plans.



- The Workers' Compensation Board evaluates the effectiveness of return-to-work plans through performance targets and regular reporting to the Board of Directors; however, documentation of action plans should be improved to facilitate monitoring and evaluation.
- Service provider contracts are awarded based on the Workers' Compensation Board's procurement policy and monitored to ensure services are received, and payments made, in accordance with contract terms.
- The Workers' Compensation Board assesses the performance of service provider contracts in meeting the goals and objectives of the Workers' Compensation Board.



Appendix II

Background Information on the Workers' Compensation Board

Workers' insurance systems in Canada are based on the Meredith Principles, which include a historic trade-off between workers and employers. In the event of a work-related injury, workers surrender their right to pursue legal action in exchange for benefits defined in legislation. Employers are responsible for funding the cost of the system in exchange for immunity when work-related injuries occur.

The Workers' Compensation Act established by government provides the framework for the administration of workplace insurance in Nova Scotia, including injuries covered and benefit levels.

The Workers' Compensation Board is responsible for administering workers' compensation in line with the Act and operates at arm's length from government. The WCB provides regular reporting to the Department of Labour and Advanced Education and collaborates by providing input in areas of mutual interest, such as legislative changes ultimately decided by government.

Employers are required to register for coverage if they are conducting business in a mandatory industry and have three or more workers at one time. Compensation is paid to injured workers out of the Accident Fund, which is funded by annual assessments collected from employers.

	2017	2016
Number of Covered Employers	19,500	19,100
Labour Force Covered	75%	75%
Number of Claims Registered	23,952	24,311
Claims Costs Incurred	\$219.8 million	\$212.5 million

Source: WCB 2017 Annual Report