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THE NORTHWEST TERRITORIES WORKERS'
COMPENSATION BOARD
PART OF REPORT ON THE
FINANCIAL MANAGEMENT AND CONTROL STUDY
OF THE
GOVERNMENT OF THE NORTHWEST TERRITORIES
JULY 1977

Introduction

This part on the Northwest Territories Workers' Compensation Board is one part of an overall study of the system of financial management and control in the Government of the Northwest Territories, and includes an analysis of the deficiencies revealed by our review and their impact on the effectiveness of the system of financial management and control.

The deficiencies included in this report are those which we believe are within the authority of the Northwest Territories Workers' Compensation Board and the Government to correct. Appropriate recommendations for corrective action have been made.

Scope

The full study encompassed the financial management and control practices of departments and agencies comprising the Government of the Northwest Territories, including the Workers' Compensation Board and the Northwest Territories Housing Corporation. It did not include an examination of the municipal governments in the NWT or any of the housing associations which are not audited by the Auditor General of Canada.

The study consisted primarily of fact finding interviews with key officials and staff, followed by detailed investigation and analysis where appropriate. We reviewed the Financial Administration Ordinance, the Treasury Manual and other selected manuals, position descriptions, organization charts and other supporting documentation as we considered necessary.

The study focused on evaluating the adequacy of existing systems, and our examination of financial records and individual financial transactions was limited to that necessary to understand and document information obtained in interviews and discussions. Our report, therefore, contains observations and recommendations on the system of financial management and control and is not concerned with irregularities or inaccuracies in detailed transactions.

We would like to express our appreciation to the officers and staff of the WCB for the assistance and co-operation extended to the study team. Those with whom we came in contact showed an interest in improving financial management and control and we observed instances where action had already commenced on matters identified by the study.

Background and Analysis

A new Ordinance establishing the Workers' Compensation Board was proclaimed April 1, 1977 to be effective January 1, 1977. Although the Ordinance indicates that the Workers' Compensation Board is to be an autonomous body, confusion has arisen because of the word "autonomous" and the fact that its implications have not been clearly defined. This has led to confusion as to responsibilities of individuals and some operational problems such as:

- accounting policies and procedures have not yet been documented;
- job descriptions of individuals in the W.C.B. are out of date in only a few months;
- signing authorities have not been appropriately delegated;
- the monthly computer generated financial statements are received after the monthly Board meeting is held;
- inadequate records are maintained in the W.C.B. to determine whether approved transactions and only approved transactions are recorded; and
- adequate statistical data to determine assessment rates is not available.

Relationships between the Workers' Compensation Board staff, the Department of Public Services and the Department of Finance have not been clearly defined. The Workers' Compensation Board deals with the Commissioner on policy, with the Department of Public Services on administration and the Department of Finance on financial and accounting matters. These respective department heads are unclear as to the limits of their authority and responsibility.

Accounting policy and procedure manuals prepared by the Department of Finance for the use of Workers' Compensation Board financial staff were considered by this staff to be impractical and time-consuming. Revised procedures have not been documented and it is therefore difficult to ascertain the accuracy of their accounting system or the adequacy of internal control.

Although the present financial reporting system is not adequate for the requirements of the W.C.B., little progress has been made in attempts to resolve the problem. Accurate statistical data is vital to the successful operation of the W.C.B. If such information is not available for the determination of assessment rates, serious problems could result.

Recommendations

Financial and accounting policies and standards for the Workers' Compensation Board should be clearly prescribed, communicated and monitored by the Senior Financial Officer of the Territorial Government. He should ensure that these policies comply with the applicable legislation.

Relationships and the division of responsibilities on financial matters between the senior staff of the Workers' Compensation Board and that of the Territorial Government should be clarified.

The financial management and control systems should be reviewed and upgraded so that they will be sound, comprehensive and effective.