



Auditor general finds WorkSafeNB independence weakened and decision-making ability hampered by government

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FREDERICTON (GNB) – Auditor General Kim MacPherson today released her first of two performance audit reports on WorkSafeNB. This first phase focused on government oversight and board governance. The auditor general carried out this audit in response to a request by the government under section 12(1) of the Auditor General Act. MacPherson will release a second report covering WorkSafeNB’s management of injured worker claims later this year.

The audit found both government and board oversight practices weakened WorkSafeNB’s independence and impeded its operations. The government’s lengthy appointment process of key board positions hindered board governance and ultimately increased costs. WorkSafeNB’s board of directors has adopted some governance best practices, however, many are yet to be implemented.

“Strong governance is vital for WorkSafeNB given the significant social and financial impact the organization has on injured workers, the workforce and employers in New Brunswick,” said MacPherson. “WorkSafeNB is responsible for managing \$1.6 billion in assets while providing nearly \$400 million in annual benefits to injured workers.”

The report found that WorkSafeNB’s board of directors did not make any decisions over a period of nearly four months due to government delays in appointing a chair or a vice-chair. In addition, the appointment of a civil servant as a full-time board chair, while still employed by the governing department and contrary to legislation and policy, resulted in a perceived conflict of interest and represented a threat to WorkSafeNB’s independence.

“Crown boards are meant to operate at arms-length from government, to among other things, minimize political interference and allow the board to function as needed to achieve the necessary results and outcomes,” said MacPherson.

The report also found WorkSafeNB operated without a permanent CEO for a period of nearly 17 months. This was primarily due to lengthy recruitment and appointment processes involving WorkSafeNB, the Department of Post-Secondary Education, Training and Labour and the Executive Council Office.

The report identified many opportunities for WorkSafeNB’s board of directors to enhance its effectiveness by implementing governance best practices. Although the board has recently implemented some best practices, many areas of board governance still require improvement. Board committees could operate more efficiently and the board’s competencies, performance evaluation and strategic plans could be improved.

The audit also found WorkSafeNB’s compensation and benefits are not aligned with the government’s expectations as outlined in a government mandate letter. The CEO salary is 40 per cent higher than provincial deputy ministers. Executive vehicle allowances, vacations and health benefits are more generous than in government departments.

MacPherson made 18 recommendations to address the findings identified in the report, including timely decisions on future board appointments, compliance with relevant legislation and policy when making appointments, more adoption of governance best practices and public disclosure of board and executive compensation and expenses.

The WorkSafeNB Phase I – Governance chapter can be found in Volume I of the 2018 Auditor General Report. This volume and the one-page summary for this chapter are available online.

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