

Statement of Work

Workers' Compensation Board Benefits
Administration Process Analysis Project

Submitted on July 31, 2018 for SPC on Finance
on August 7, 2018



July 31, 2018

City of Saskatoon SPC on Finance
222 Third Avenue North
Saskatoon, Saskatchewan S7K 0J5

Statement of Work - Workers' Compensation Board (WCB) Benefits Administration Process Analysis Project

Recommendation

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| <p>1) That the enclosed Statement of Work for the WCB Benefits Administration Process Analysis Project be received as information.</p> |
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Please find enclosed the Statement of Work for the above referenced project. Note that the total proposed scope of the project is 350 hours and \$66,500.

The Administration identified that the City of Saskatoon's current processes for Workers' Compensation Board (WCB) benefits administration are inconsistent across the City and are largely manual, which increases the risk of inequity and error. We have worked with the Administration to develop this Statement of Work for an in-depth analysis of the WCB benefit administration processes.

This Statement of Work was approved by the City Manager on July 4, 2018 and is now being submitted to the SPC on Finance for information. This is in accordance with Council Policy No. CO2-032, Internal Audit Charter.

Yours truly,



PricewaterhouseCoopers LLP
Jesse Radu, CPA, CA
Partner

1. Background

The City of Saskatoon's current processes for Workers' Compensation Board (WCB) benefits administration are inconsistent across the City and are largely manual, factors that increase the risk of inequity, inaccuracy of claims, and processing errors in payments to City employees for loss time work-related injuries or disease. The objective of this project is to assist the City to improve the effectiveness and efficiency, quality of claims' data, and equity and timeliness of the WCB benefits administration process.

2. Scope of Work and Approach

The scope of this process analysis includes civic operations for which the City is considered the "employer," including the independent boards and agencies (i.e., Saskatoon Police Service, Saskatoon Public Library, SaskTel Centre, TCU Place and Remai Modern Art Gallery of Saskatoon). The objectives of this project include:

- Document current WCB benefit administration processes in divisions, independent boards and agencies, offices and functions (number of divisions etc. to be interviewed to be determined with Administration);
- Prepare a risk assessment based on evaluation of current processes;
- Determine desired future state regarding aspects of the WCB benefit administration process, including workflows, procedures, roles, responsibilities, authorities, accountabilities, and technology; and
- Develop a detailed action plan to close the gap between current state and future state, including a change management strategy, assessment of resource requirements (staff and funding), and comparison to other similarly sized municipalities.

Our approach to assess the current state of the City's WCB benefits administration process, and to provide the City with recommendations for improvement, is outlined in detail in the description of the three phases that follows.

Phase 1: Current State Assessment

Objectives - Document current WCB benefit administration processes in divisions, independent boards and agencies, offices and functions; and prepare process risk assessment. In order to gain an understanding of the City's current approach to processing WCB benefits claims, perform the following tasks:

- a) Identify WCB benefit administration process stakeholders (including up to 3 injured employees) within the various divisions, independent boards, agencies, offices and functions, and identify their objectives and preferences related to WCB claims. Perform high level mapping of the WCB benefits administration process including identification of inputs, core elements needed to the overall process, and key outputs.
- b) For each one of the core elements, identify key personnel (e.g., control owners) and conduct "show me" meetings to understand, map and document the flow of information related to claims - from initiation to recording and processing until payment - and identify key events performed when executing a process.
- c) Develop an understanding of existing collective agreements, internal policies, procedures, forms and templates. Where divisions, agencies and offices exceed 3 physical locations, perform the analysis with electronic surveys and control self-assessment techniques to capture the relevant procedures and tasks performed by the various control owners.
- d) Identify relevant business process controls, map them to the relevant information processing objectives (i.e., completeness, accuracy, validity & restricted access), and assess if processes are properly designed.
- e) Assess whether or not existing controls are designed to prevent or detect fraud.
- f) Identify control owner's roles and responsibilities, and develop a RACI (Responsible, Accountable, Consulted and Informed) matrix to assess if proper segregation of duties exist.

Deliverables - current business process documentation (including narrative, RACI Matrix, and Risk Control Matrix) and business process risk assessment and design deficiencies.

Phase 2: Desired Future State Design

Objectives - Determine desired future state regarding aspects of the WCB benefit administration process, including workflows, procedures, roles, responsibilities, authorities, accountabilities, and technology. As part of our process of designing a future state, we will facilitate a workshop with relevant stakeholders to receive input on the future state and to discuss potential process improvement opportunities to address identified gaps. In preparation for the workshop, we will ask participants to consider:

- a) Process design deficiencies from Phase 1;
- b) Inconsistent processes and alike functions that are not aligned;
- c) Non value-add or duplicate tasks and activities;
- d) Reactive tasks and activities; and
- e) Information technology requirements.

Where applicable, update process documentation to reflect discussed future state and distribute to relevant stakeholders for review and comments. Incorporate stakeholder feedback into business process documentation.

Conduct benchmarking with 3-4 similar sized municipalities, where possible (e.g. City of Edmonton, City of Winnipeg, City of Calgary, City of Regina) and assess if other good practices exist.

Deliverables - Business process documentation (future state design represented by flowcharts).

Phase 3: Implementation Roadmap

Objectives - Develop a detailed action plan to close the gap between current state and future state, including a change management strategy, assessment of resource requirements (staff and funding), and comparison to other similarly sized municipalities. In order to provide practical recommendations to move processes from the current state to the desired future state:

- a) Develop an action plan focused on closing the gap between current state (Phase 1) and desired future state (Phase 2).
- b) Develop a change management strategy that includes implementation and assessment tools to assist the project team in clearly communicating the reasons for any process changes, facilitating a desire for all process owners and managers to support and participate in the change.

Deliverables - Roadmap with key activities and timelines, as well as a change management strategy focused on helping employees understand how to implement the future state design flowcharts.

3. Stakeholders

The key stakeholders of the project from the City are the City Manager, CFO/General Manager of Asset & Financial Management, Director of Finance, Director of Corporate Risk, Corporate Payroll Manager, General Manager of Corporate Performance, Director of Strategic Negotiations, Total Reward & Workforce Analytics, Director of Employee Experience & Performance, Occupational Health & Safety Manager. As this project affects the organization as a whole, the Administrative Leadership Team is also a key stakeholder.

4. Budget

Our fees are based on actual hours incurred at the agreed upon hourly billing rates in the “Internal Audit Services Agreement” dated January 1, 2015. Specifically, sections 6(4) and 6(6) of the “Internal Audit Services Agreement” specify hourly rates to be charged. We estimate our fees for the completion of our services under this Statement of Work will be \$66,500 plus out of pocket expenses and applicable taxes, which will be charged on an actual basis. We estimate out of pocket expenses to be \$3,000.