

# WCB BOARD OF DIRECTORS

## Terms of Reference

### **1. PURPOSE**

The Board of Directors is required by *The Workers Compensation Act* (the Act) to:

- (a) Approve and supervise the policies and direction of the WCB, including policies respecting compensation, rehabilitation, assessment, prevention and investment of the accident fund;
- (b) Consider and approve operating and capital budgets of the WCB; and
- (c) Plan for the future of the compensation system.

### **2. COMPOSITION**

2.1 The Board of Directors is composed of:

- (a) The Chairperson of the Board of Directors;
- (b) Three members representative of workers;
- (c) Three members representative of employers;
- (d) Three members representative of the public interest; and
- (e) The Chief Executive Officer (non-voting).

2.2 With the exception of the Chief Executive Officer, members of the Board of Directors are appointed by the Lieutenant Governor in Council.

### **3. CHAIRPERSON OF THE BOARD OF DIRECTORS**

3.1 The Chairperson of the Board of Directors is appointed by the Lieutenant Governor in Council.

3.2 The Board of Directors may appoint one member as an acting chairperson on a standing basis.

## **4. RESPONSIBILITIES**

### **4.1 Committees**

The Board of Directors will, in accordance with the Act:

- (a) Establish such committees as it considers necessary, which will include:
  - i. The Governance Committee;
  - ii. The Audit Committee;
  - iii. The Investment Committee;
  - iv. The Finance Committee; and
  - v. The Prevention Committee.
- (b) Supervise and monitor the activities of the committees;
- (c) Consult from time to time with stakeholders and the public;
- (d) Approve and annually review the terms of reference and membership of each committee;
- (e) Appoint additional members to such committees as it considers necessary;
- (f) Fix the remuneration of committee members who are not members of the Board of Directors; and
- (g) Appoint and annually review the Chairpersons of each committee.

### **4.2 The Chief Executive Officer**

The Board of Directors will:

- (a) Appoint and fix the duties and remuneration of the Chief Executive Officer in accordance with Section 59(1) of the Act;
- (b) Monitor and annually evaluate the CEO's performance. The CEO monitoring and evaluation process is as follows:
  - (i) Participants and Roles
    - o The Board Chairperson is ultimately responsible for completion of the CEO Evaluation Process report.

- The CEO is an active participant in the process and is responsible for completing certain portions of the report, where indicated, and for signing the report upon completion.
- A Special Committee of the Board (a CEO Evaluation Committee) which has representation from all three interest groups, all of the standing committees of the Board and the Chairperson, will provide input to the process and act as a resource to the Board Chairperson throughout the process. The Chairperson and/or the CEO Evaluation Committee will report to the Board about the evaluation.
- Membership in the CEO Evaluation Committee will be established by the individual caucuses.

(ii) Timelines

- The CEO will report to the Board as required, including providing strategic measures reports quarterly.
- The CEO evaluation will be completed in November each year.

### **4.3 Policy**

The Board of Directors will, from time to time:

- (a) Approve and supervise the policies and direction of the WCB, including policies respecting compensation, rehabilitation, assessment, investment of the accident fund and operations (including human resource matters);
- (b) Direct its committees to consider, develop, revise or rescind policy relevant to the committees' mandates and Terms of Reference;
- (c) Review the procedures, programs and policies of the WCB in connection with the Board's administration of the Act; and
- (d) Receive and consider recommendations regarding procedures, programs and policies from the committees of the Board.

#### **4.4 Strategic Planning**

The Board of Directors will:

- (a) Communicate to the administration clear strategic direction and vision, with the administration translating that vision into operational planning, decision-making and implementation; and
- (b) Review and approve the WCB's annual strategic plan.

#### **4.5 Financial Matters**

The Board of Directors will:

- (a) Approve the annual budgets for revenue and expenses, administration expenses, capital expenditures and investment revenue and expenses, including the budgets for the Board of Directors, Internal Audit and Fair Practices Advocate departments;
- (b) Approve annual assessment rates, changes to the rate model and related policies;
- (c) Approve significant changes in accounting policies consistent with those established by the Accounting Standards Board;
- (d) Approve changes to the WCB's Funding Policy;
- (e) Approve key actuarial valuation assumptions for the benefit liabilities;
- (f) Approve the termination and replacement of underperforming investment managers;
- (g) Determine the value of such contracts as must be approved by the administration, Board-Committees and the Board of Directors;
- (h) On the recommendation of the Audit Committee and together with the Lieutenant Governor in Council, appoint the External Auditor and determine its fee;
- (i) Approve the annual financial statements, Annual Report and Five Year Plan of the WCB;
- (j) Receive, taking into account the advice of the Audit Committee, reports of the Director of Internal Audit; and
- (k) On recommendation from the Audit, Committee, at least once every five years appoint an independent auditor to review the cost, efficiency and effectiveness of at least one program provided under the Act. The minister may determine which program is to be reviewed.

#### **4.6 Prevention**

The Board of Directors will:

- (a) Approve policy for the prevention of workplace injury and illness, including incentive programs;
- (b) Approve operating and capital budgets for prevention activities;
- (c) Receive regular updates about prevention activities;
- (d) Ensure that the WCB has reasonable processes for coordination of activities with Workplace Safety and Health and the Chief Prevention Officer; and
- (e) Approve strategic plans for prevention initiatives.

#### **4.7 Internal Control and Risk Management**

The Board of Directors will satisfy itself that the administration has in place adequate systems and processes to identify, monitor, mitigate and manage significant financial, business and regulatory risks including fraud.

#### **4.8 Auditor General of Manitoba**

The Board of Directors will, taking into account the advice of the Audit Committee, consider any relevant reports and/or recommendations from the Auditor General of Manitoba.

#### **4.9 Fair Practices**

The Board of Directors will:

- (a) Approve the appointment of the Fair Practices Advocate, monitor and annually evaluate the Fair Practices Advocate's performance;
- (b) Establish policy respecting the operation of the Fair Practices Office;
- (c) Receive reports periodically from the Fair Practices Advocate; and
- (d) Take or direct appropriate action on the basis of these reports.

#### **4.10 Governance**

The Board of Directors will ensure that it abides by such governance policies as it may develop and approve, in accordance with current leading governance practices.

#### **4.11 Employee Retirement Plan**

The Board of Directors, as Plan sponsor will:

- (a) Approve Objectives of the Plan;
- (b) Approve Plan Amendments;
- (c) Approve the Funding Policy;
- (d) Approve the Statement of Investment Policies and Objectives;

- (e) Approve key actuarial valuation assumptions for the funding valuations;
- (f) Approve the Finance Committee's recommendation whether to file the Valuation, unless filing is a mandatory legal requirement, in which case the Finance Committee will report the filing to the Board of Directors;
- (g) Approve other financial matters that may arise from time to time;
- (h) Approve the annual financial statements and Retirement Plan Annual Newsletter of the WCB Retirement Plan; and
- (i) Approve the appointment of the External Auditor and its fees.

#### **4.12 Other**

The Board of Directors will:

- (a) Regularly perform a self-assessment of its performance;
- (b) Review its terms of reference annually; and
- (c) Upon recommendations of its committees, make amendments to committee terms of reference as necessary.

#### **HISTORY:**

1. Board of Directors Terms of Reference approved by Board Order 01/06 on January 31, 2006.
2. Revised March 14/08 by Board Order 15/08. Changes included amending the Purpose section to refer to the WCB's role in prevention; revised the Policy section to reflect that various Board Committees have a role in policy development related to the Committee's mandate. For example, investment policies are within the mandate of the Investment and Finance Committee; and a change to Section 4.5, Financial Matters: Subsection 4.5(h) amended to reflect the title of the Director of Internal Audit (previously known as Internal Auditor).
3. Terms of Reference amended on August 24, 2009 by Board Order No. 18/09. Revisions included:
  - The Board of Directors may appoint one member to act as Chairperson during the temporary absence of the Chairperson on a standing basis.
  - Section 4.1: Amended to reflect that Policy, Planning, and Governance Committee has been combined with the Service and Human Resources Committee.
  - Section 4.2: Amended to include the CEO Evaluation process and timelines.
  - Section 4.11: Amended to reflect that Board evaluations are conducted regularly, instead of annually.
4. Terms of Reference confirmed on December 17, 2009 by Board Order No. 40/09.

5. Terms of Reference amended on December 16, 2010 by Board Order No. 43/10. Revision was to Section 4.5(i) Financial Matters to include responsibility for selection of an independent auditor to conduct a program audit under the Act.
6. Terms of Reference amended on January 31, 2012 by Board Order No. 05/12. Section 4.7 Internal Control was expanded to include risk management.
7. Terms of Reference amended on January 30, 2013 by Board Order 03/13. Revisions include: Deleting Section 4.6 Review of Actuarial Functions - the WCB no longer uses an External Actuary. The WCB's Chief Actuary is now responsible for the valuation of the benefit liabilities. The Chief Actuary's work is reviewed by a Peer Actuary. Section 4.10 Employee Pension Plan is added to reflect which aspects of the governance and administration of the WCB Employee Pension Plan must be reviewed and approved by the Board of Directors.
8. Terms of Reference amended on April 30, 2014 by Board Order No. 14/14. Revisions include the splitting of the Investment and Finance Committee to form two Committees and the establishment of a Prevention Committee. Section 4.5 (e) was added to reflect responsibility for overseeing investment managers, Section 4.6 Prevention was added. Section 4.11 (h) & (i) were added to reflect the Board's responsibilities relating to the Retirement Plan.
9. Amended on January 22, 2015 by Board Order No. 07/15. Revisions include adding subsection 4.5(e) relating to approval of key actuarial valuations assumptions and expanding Section 4.6 Prevention and adding Section 4.12 Accessibility Plan.
10. Amended on January 28, 2016, 2015 by Board Order No. 03/16 to update Section 4.5 Financial Matters - subsection (a) to clarify current practice that the Board of Directors separately approves the budgets of the Board of Directors, Internal Audit and Fair Practices Advocate departments and Section 4.7 Internal Control and Risk Management to include fraud as a risk.
11. Amended on April 19, 2017 by Board Order No. 13/17 to clarify responsibility relating to Section 4.5 (k) and the Legislated Program Audit and to delete Section 4.12 Accessibility Plan as this is the Administration's responsibility. Oversight will be provided by the Policy, Planning, Governance and Service Committee.
12. Amended on April 19, 2018 by Board Order No. 17/18 to clarify Section 4.11 (f) to explain under what conditions the Board of Directors would approve the filing of valuations.
13. Amended on June 21, 2018 by Board Order No. 25/18 to change the name of the Policy, Planning, Governance and Service Committee to the Governance Committee.