

## Chapter 14

### Prairie Agricultural Machinery Institute

#### 1.0 MAIN POINTS

During 2014-15, the Prairie Agricultural Machinery Institute (PAMI) complied with the authorities governing its activities relating to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing. The 2014-15 financial statements of PAMI are reliable.

PAMI had effective rules and procedures to safeguard public resources except that it does not have a documented donation policy.

#### 2.0 INTRODUCTION

PAMI was established under *The Prairie Agricultural Machinery Institute Act, 1999*. PAMI's mission is "to ensure agricultural sustainability and profitability through research, innovation, adaption, and knowledge transfer."<sup>1</sup>

#### 2.1 Financial Overview

As set out in **Figure 1**, in 2014-15, PAMI had revenues of \$9.7 million and expenses of \$10.1 million.

**Figure 1 – Revenue and Expenses**

	Actual 2014-15	Actual 2013-14
	(in millions)	
Fee for Service Revenue	\$ 7.8	\$ 10.1
Transfer from the Government of Saskatchewan	1.0	1.0
Transfer from the Government of Manitoba	0.3	0.3
Other Income and Interest Income	<u>0.6</u>	<u>0.5</u>
<b>Total Revenue</b>	<b><u>9.7</u></b>	<b><u>11.9</u></b>
Saskatchewan Operations	6.4	8.9
Western Beef Development Centre	1.8	1.8
Manitoba Operations	1.5	1.7
Corporate Services	<u>0.4</u>	<u>0.4</u>
<b>Total Expenses</b>	<b><u>\$ 10.1</u></b>	<b><u>\$ 12.8</u></b>

Source: Audited March 31, 2015 financial statements.

<sup>1</sup> Prairie Agricultural Machinery Institute, *2014-15 Annual Report*, p.7.



## 3.0 AUDIT CONCLUSIONS AND SCOPE

In our opinion, for the year ended March 31, 2015:

- › PAMI's financial statements are reliable
- › PAMI had effective rules and procedures to safeguard public resources, except PAMI lacks a donation policy
- › PAMI complied with the following authorities governing its activities related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing:

*The Prairie Agricultural Machinery Institute Act, 1999*  
*The Prairie Agricultural Machinery Institute Regulations, 1999*  
*The Financial Administration Act, 1993*  
*The Crown Employment Contracts Act*  
Orders in Council pursuant to the above legislation  
Minister Orders pursuant to the above Acts

We used the control framework published by CPA Canada to make our judgments about the effectiveness of PAMI's controls. The control framework defines control as comprising elements of an organization that, taken together, support people in the achievement of an organization's objectives.

We focused our audit effort on PAMI's processes to record fee-for-service revenue and associated expenses, forecast its financial activities, and calculate and record work-in-progress and deferred revenue related to contracts.

## 4.0 KEY FINDING AND RECOMMENDATION

### 4.1 Clarification of Acceptable Donations Needed

PAMI lacks a donation policy. During the year, an official of PAMI attended a political fundraising dinner where a portion of the ticket price was a political donation.

We noted that this activity is inconsistent with a Treasury Board policy applicable to government ministries and certain other crown agencies (see **Figure 2**). Also, we found PAMI did not have a donation policy that set out the nature of donations that PAMI thinks is appropriate or acceptable.

#### Figure 2—Extract from Financial Administration Manual 4610 – Contributions (Donations)

The *Financial Administration Manual (FAM)* sets out Treasury Board's policies. Under FAM 4610-Contributions (Donations), ministries and certain government agencies are not to make monetary contributions except as grants that have received Treasury Board approval; and they must not provide gifts in kind. The policy indicates that donations are gifts. [PAMI is not included in the list of certain government agencies.]

Source: [www.finance.gov.sk.ca/fam/pdf/4610.pdf](http://www.finance.gov.sk.ca/fam/pdf/4610.pdf) (6 October 2015).

Even for organizations with a small number of staff where staff think policies are “understood”, written policies provide staff with clear direction on the organization’s expectations. Lack of a donations policy increases the risk that PAMI may make donations or undertake activities that are not considered acceptable or an appropriate use of public money.

- 1. We recommend that the Prairie Agricultural Machinery Institute develop, for its Board’s approval, a policy that defines acceptable donations and approvals necessary when making donations.**

