

Chapter 53

Saskatchewan Crop Insurance Corporation – AgriStability Benefits

1.0 MAIN POINTS

Saskatchewan Crop Insurance Corporation (SCIC) administers the AgriStability program to assist producers who experience large income losses. The provincial and federal governments share the cost of the AgriStability program.

By July 31, 2015, SCIC had made a number of changes to its processes related to the AgriStability program. It implemented processes to identify and handle potential conflicts of interest of staff handling claim files. It documented the procedures it uses to review the reasonableness of its AgriStability benefit estimate. It included adequate disclosure, in its financial statements, of uncertainty associated with its year-end estimate of the AgriStability program benefits. However, SCIC needs to document its analysis of differences in estimates and actual results, and set targets for all of its performance measures related to the AgriStability program.

2.0 INTRODUCTION

This chapter describes our follow up of management's actions on the five recommendations we made in our 2013 audit of SCIC's processes to determine AgriStability program benefits reported in our *2013 Report – Volume 1*, Chapter 7. We had concluded that, other than for several areas, SCIC's processes were effective.

To conduct this review engagement, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance*. To evaluate SCIC's progress towards meeting our recommendations, we used the relevant criteria from the original audit. SCIC's management agreed with the criteria in the original audit.

To do our follow up, we had discussions with management on the progress they made in meeting our recommendations, and reviewed supporting reports and information to verify the progress.

3.0 STATUS OF RECOMMENDATIONS

This section sets out each recommendation including the date on which the Standing Committee on Public Accounts agreed to the recommendation, the status of the recommendation at July 31, 2015, and SCIC's actions up to that date. We found that SCIC has implemented three recommendations and has work to do on the other two.



3.1 Potential Conflicts of Interest Monitored

We recommended that the Saskatchewan Crop Insurance Corporation actively monitor to ensure its staff do not process AgriStability files where a real or perceived conflict of interest could arise. (2013 Report – Volume 1; Public Accounts Committee agreement November 26, 2014)

Status – Implemented

SCIC requires each of its staff members to annually complete a conflict-of-interest declaration. On the declaration, staff lists any potential conflicts of interest that may arise based on familial, friend, or business relationships that may occur with client files SCIC processes.

Once the conflicts of interest have been declared, this information is input into SCIC's system used to track workflow of AgriStability claim files. The system will not allow staff to process files for anyone with which they have declared a potential conflict of interest. When staff (independent of the staff who processed the file) are assigned to review an AgriStability file, the system provides a warning when the assigned reviewer has declared a conflict of interest for that particular file.

3.2 Better Documentation of Benefit Estimation Process Needed

We recommended that the Saskatchewan Crop Insurance Corporation document its procedures for reviewing the assumptions and reviewing the calculation of the estimate of benefits for its AgriStability program. (2013 Report – Volume 1; Public Accounts Committee agreement November 26, 2014)

Status – Implemented

SCIC works closely with the federal government's department of Agriculture and Agri-Food Canada (AAFC) and the Ministry of Agriculture to calculate its estimate of the benefits for the AgriStability program. The purpose of having Saskatchewan representatives providing input into the development of the estimate is to ensure the calculation includes consideration of the Saskatchewan agricultural climate.

SCIC has documented the procedures it uses to review the estimate including the underlying assumptions. For the semi-annual AgriStability forecasts (February and August), SCIC and Agriculture work together to gather information to give to AAFC. SCIC and the Ministry have documented steps staff must follow (e.g., relevant information to gather on market prices, processes to review the assumptions used by AAFC, deadlines for when to complete each step, sign off requirements by Agriculture staff to show they have reviewed each component of the estimate, and final sign off requirements of the AgriStability estimate by SCIC and Agriculture executives).

We recommended that the Saskatchewan Crop Insurance Corporation establish processes to compare its estimates of past years' benefits for its AgriStability program to actual benefits to help improve the estimate process for the AgriStability benefits. (2013 Report – Volume 1; Public Accounts Committee agreement November 26, 2014)

Status – Partially Implemented

SCIC has used historical data (e.g., prior years) to quantify the impact that the Growing Forward 2¹ formula would have on the AgriStability program. Use of historical data has helped, to some extent, both SCIC and Agriculture evaluate and assess information related to AgriStability benefits estimate that AAFC provides. Management indicated that its analysis includes reviewing prior years' data and calculations; however, it did not document this analysis.

3.3 Performance Targets Needed

We recommended that the Saskatchewan Crop Insurance Corporation set targets for its performance measures related to its AgriStability program and report to senior management on its progress in achieving those targets. (2013 Report – Volume 1; Public Accounts Committee agreement November 26, 2014)

Status – Partially Implemented

SCIC has created and approved a Corporate Plan. This plan includes some specific performance measures to assess the performance of the AgriStability Program. SCIC makes periodic progress reports to senior management. Also, its annual report includes these performance measures along with information on how SCIC performed.

However, while SCIC has set a target for a few of these performance measures, it has not done so for all. For example, it has not specified a target percentage for its service measure (the percentage of calls received in the AgriStability call centre answered within seven seconds) or its customer satisfaction measure (based on customer surveys, 90% of respondents were satisfied with the service provided). Setting targets help agencies decide the extent of work effort and focus expected within a stated period, and help agencies determine the extent of resources required. Also without specifying a target for each performance measure and reporting on its progress towards attaining the target, SCIC cannot adequately monitor the AgriStability program to determine if the program is meeting its goals and objectives.

¹ Growing Forward 2 is the program under which AgriStability benefits are assessed and paid to producers.



3.4 Year-End Estimate Process Set

We recommended that the Saskatchewan Crop Insurance Corporation work with the Ministry of Agriculture to develop processes to ensure that the annual fiscal year-end estimates for AgriStability program benefits are reasonable, consistent, and current. (2013 Report – Volume 1; Public Accounts Committee agreement November 26, 2014)

Status – Implemented

In conjunction with the Agriculture and AAFC, SCIC developed a range estimate for the uncertainty of the AgriStability benefits liability estimate and disclosed it in its annual report. The estimated amount for 2014-15 was \$93.2 million with an estimated range of \$53.2 million and \$123.8 million.