

Chapter 26

Saskatchewan Crop Insurance Corporation – Determining AgriStability Benefits

1.0 MAIN POINTS

By January 2018, the Saskatchewan Crop Insurance Corporation had implemented our recommendation initially made in 2013; it set targets related to five performance measures related to the AgriStability benefit program. Use of targets enables the Corporation to better determine and show its success in managing the AgriStability program.

2.0 INTRODUCTION

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

This chapter describes our second follow-up of management's actions on the two outstanding recommendations from our 2013¹ audit of the Saskatchewan Crop Insurance Corporation's processes to determine AgriStability program benefits. In 2013, we made five recommendations. By July 31, 2015, as reported in our *2015 Report – Volume 2*, Chapter 53, the Corporation had implemented three of them.

To conduct this follow-up audit, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance* (including CSAE 3001). To evaluate the Corporation's progress towards meeting our recommendations, we used the relevant criteria from the original audit. The Corporation agreed with the criteria in the original audit.

To do our follow-up audit, we had discussions with management on the progress they made in meeting our recommendations, and reviewed supporting reports and information to verify the progress. We analyzed past actual benefits paid compared to estimates the Corporation had made in its financial statements.

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 January 31, 2018, and the Corporation's actions up to that date. We found that the Corporation had implemented one outstanding recommendation and the other was no longer relevant.

¹ 2013 Report – Volume 1, Chapter 7.



3.1 Performance Targets Set

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 – Implemented

The Corporation set targets for each of its five performance measures related to the AgriStability benefits program. See **Figure 1** for examples of related targets.

Figure 1 – Examples of Measures and Targets

Measures	Actual	Targets			
	2016-17	2017-18	2018-19	2019-20	2020-21
AgriStability file turnaround time (percentage of files completed in 75 days)	76%	75%	75%	75%	75%
Administration cost per file	\$1,136	\$1,000	\$1,000	\$1,000	\$1,000

Source: Saskatchewan Crop Insurance Plan for 2017-18.

The Corporation measures and reports on its performance indicators related to those targets to senior management, its Board, and to the public through its annual report.

Use of performance targets helps convey how much work is expected and by when. In addition, they help show the extent of progress and success in delivering a program.

3.2 Benefit Estimation Process Better

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 – No Longer Relevant

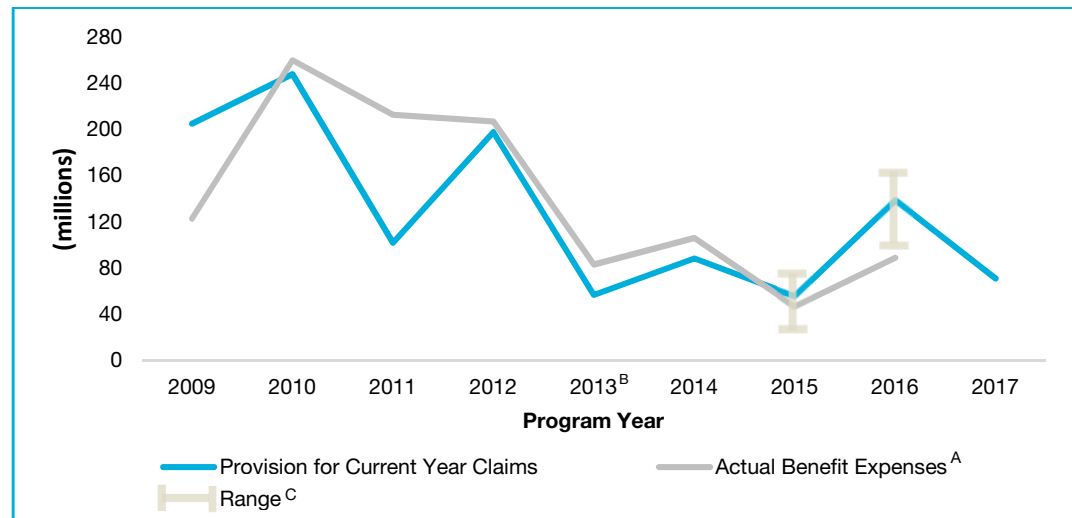
We determined that the above recommendation was no longer relevant as the Federal Government, in conjunction with the Corporation, have improved the process to estimate annual AgriStability program benefits.

Each year, the Federal Government's Department of Agriculture and Agri-Food Canada (AAFC) determines the AgriStability estimate that the Corporation records in its financial records and uses to manage the program. The Federal Government uses data from the Corporation, and consults with the Corporation and the Ministry of Agriculture on its estimate for Saskatchewan. Data that the Corporation provides includes the actual number of producer applicants based on AgriStability enrolment. This consultation helps ensure the federal estimate includes consideration of the Saskatchewan agricultural climate.

As can be seen in **Figure 2**, particularly since 2013, AAFC's estimate more closely aligns with the Corporation's actual experience.

In 2009, when the program was first introduced, AAFC's estimate of AgriStability benefits for Saskatchewan varied significantly from the Corporation's actual experience of benefits paid to participating producers. In 2013, the federal Growing Forward program changed to the Growing Forward 2 program, which reduced the AgriStability benefits available to producers. In addition, AAFC has also gained experience over time in refining its estimation process.

Figure 2—AgriStability Estimated Provision for Current Year Claims Compared to Actual Benefit Expenses for the Program Years 2009 – 2017



Source: Saskatchewan Crop Insurance Corporation financial records; actual results for 2017 program year were not available.
^A Actual Benefit Expenses includes the actual amount of benefits paid by program years up to March 31, 2015. For the 2015 and 2016 program years, the amount includes benefits paid and an estimate of benefits payable for that year.

^B In 2013, the Growing Forward agreement was amended to the Growing Forward 2 agreement. The Growing Forward 2 agreement significantly reduced the eligible benefits paid by the AgriStability Benefit program.

^C In 2015, the Corporation began calculating and disclosing the range of uncertainty in its estimate of AgriStability liability.

Also, in 2015, the Corporation began to disclose the range of uncertainty of its estimate of AgriStability benefits (i.e., related estimated provision [amount owed]) reflected in its financial statements. **Figure 2** shows that the estimated provision recorded in its financial statements is within the disclosed range in the 2015 and 2016 program years (2017 actual program year amounts were not available as of March 31, 2018).

