



Alberta Agriculture and Forestry

November 2018

Summary

6	Total Recommendations
2	New Recommendations
4	Outstanding Recommendations
0	Outstanding Recommendations Older than 3 Years
0	READY for Follow-up Audit
6	NOT READY for Follow-up Audit

We issued unqualified independent auditor's reports on the 2017–2018 financial statements for the Ministry of Agriculture and Forestry, the Department of Agriculture and Forestry, the Environmental Protection Enhancement Fund and the Agriculture Financial Services Corporation (AFSC).

In our *Wildfire Management: Processes for Prevention and Review and improvement* audit (see "Performance Audit Reports"), there are two new recommendations to the department.

There are no new recommendations to the Environmental Protection Enhancement Fund or the AFSC in this report.

The AFSC has four outstanding recommendations, one of which is also to the department.

The AFSC has implemented its outstanding recommendation to ensure compliance with established policies relating to training and termination expenses—see below.

Findings

Agriculture Financial Services Corporation

Matters from prior audits

Ensure compliance with established policies—recommendation implemented

Context

In 2016,¹ we recommended that the AFSC ensure compliance with established policies relating to training and termination expenses.

Findings

Management has developed a new staff training policy that outlines:

- the process for identifying development opportunities
- business case requirements to justify training needs
- course approval requirements
- return of service requirements that depend on the cost of the course
- reimbursement requirements for some of the courses
- maximum cost that can be funded by the AFSC

We tested a sample of training programs provided to staff, executive management and a board member. We verified that training expenses complied with the new staff training policy.

We also tested a sample of termination payouts and verified that they were properly reviewed and approved and complied with AFSC policy.

¹ Report of the Auditor General of Alberta—October 2015, no. 11, p. 75.

Recommendations

WHAT	WHEN	STATUS
<p>DEPARTMENT WILDFIRE MANAGEMENT: PROCESSES FOR PREVENTION AND REVIEW AND IMPROVEMENT: Ensure processes in place to evaluate and report on wildfire prevention programs</p> <p>We recommend that the Department of Agriculture and Forestry:</p> <ul style="list-style-type: none"> publicly report on its FireSmart programs, including how this work helps reduce wildfire hazard and risk ensure there are processes in place to measure, monitor and report on the results and effectiveness of the various activities set out in the forest areas' annual wildfire prevention plans 	November 2018, Performance Auditing, p. 9	NEW
<p>DEPARTMENT WILDFIRE MANAGEMENT: PROCESSES FOR PREVENTION AND REVIEW AND IMPROVEMENT: Comply with business rules for internal reviews results reporting and establish and monitor implementation timelines for recommendations from external reviews</p> <p>We recommend that the Department of Agriculture and Forestry:</p> <ul style="list-style-type: none"> comply with its established business rules for internal results reporting for the review and improvement program establish and monitor implementation timelines for recommendations and opportunities for improvement from independent external reviews and publicly report implementation progress against these 	November 2018, Performance Auditing, p. 12	NEW
<p>AGRICULTURE AND FORESTRY AND AGRICULTURE FINANCIAL SERVICES CORPORATION SYSTEMS TO MANAGE THE LENDING PROGRAM: Define oversight responsibilities</p> <p>We recommend that the Department of Agriculture and Forestry and the board of directors of the Agriculture Financial Services Corporation clearly define the oversight responsibilities of both parties for the lending program.</p>	October 2016, no. 2, p. 25	NOT READY
<p>AGRICULTURE FINANCIAL SERVICES CORPORATION SYSTEMS TO MANAGE THE LENDING PROGRAM: Define strategic objectives, articulate sector credit needs and re-evaluate the relevance of the lending program</p> <p>We recommend that the Agriculture Financial Services Corporation:</p> <ul style="list-style-type: none"> clearly define the strategic objectives of the lending program; these objectives should be consistent with AFSC's legislative mandate clearly articulate the credit needs of the agriculture sector in Alberta, which should drive its lending activities develop a process to periodically re-evaluate the relevance of the lending products it offers to ensure they continue to be relevant 	October 2016, no. 1, p. 23	NOT READY
<p>AGRICULTURE FINANCIAL SERVICES CORPORATION SYSTEMS TO MANAGE THE LENDING PROGRAM: Develop a funding model and costing system</p> <p>We recommend that the Agriculture Financial Services Corporation:</p> <ul style="list-style-type: none"> develop a product-specific government funding model develop a costing system capable of allocating, tracking and reporting product-specific costs 	October 2016, no. 3, p. 29	NOT READY
<p>AGRICULTURE FINANCIAL SERVICES CORPORATION SYSTEMS TO MANAGE THE LENDING PROGRAM: Monitor the performance of the loan portfolio</p> <p>We recommend that the Agriculture Financial Services Corporation set up an independent function to monitor the performance of the loan portfolio.</p>	October 2016, no. 4, p. 29	NOT READY