



Agriculture and Forestry

October 2017

Summary

Department

There are no new recommendations to the Department of Agriculture and Forestry in this report.

Agriculture Financial Services Corporation

There are no new recommendations to AFSC in this report.

The Agriculture Financial Services Corporation has implemented its outstanding recommendation to strengthen processes to report senior executives' expenses to the board of directors—see below:

Findings and Recommendations

Agriculture Financial Services Corporation

Matters from prior audits

Reporting of Senior Executives' Expenses to the Board—**recommendation implemented**

Our audit findings

AFSC has implemented our 2016¹ recommendation to strengthen its processes to report senior executives' expenses to the board of directors.

Management developed a process through which it presents the board of directors with a summary of executives' expenses at each board meeting. The discussion of executives' expenses is now a standing item on the board of directors' meeting agenda. We reviewed the board meeting minutes for the first three quarters of the year and verified that executives' expense summaries were presented by the Chief Financial Officer.

We concluded that the new executives' expense reporting process is adequately designed and implemented and meets the requirements of our recommendation.

Outstanding Recommendations

Agriculture and Forestry and Agriculture Financial Services Corporation

The following recommendation is outstanding and not yet ready for a follow-up audit:

Systems to Manage the Lending Program—Define oversight responsibilities —October 2016, no. 2, p. 25

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.

¹ Report of the Auditor General of Alberta—October 2016, page 79.

Agriculture Financial Services Corporation

The following recommendations are outstanding and not yet ready for follow-up audits:

Systems to Manage the Lending Program—Define strategic objectives, articulate sector credit needs and re-evaluate the relevance of the lending program—October 2016, no. 1, p. 23

We recommend that the Agriculture Financial Services Corporation:

- 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

Systems to Manage the Lending Program—Develop a funding model and costing system—October 2016, no. 3, p. 29

We recommend that the Agriculture Financial Services Corporation:

- develop a product-specific government funding model
- develop a costing system capable of allocating, tracking and reporting product-specific costs

Systems to Manage the Lending Program—Monitor the performance of the loan portfolio—October 2016, no. 4, p. 29

We recommend that the Agriculture Financial Services Corporation set up an independent function to monitor the performance of the loan portfolio.

Management has identified this recommendation as implemented—to be confirmed with a follow-up audit:

Ensure compliance with established policies—October 2016, no. 11, p. 75

We recommend that the Agriculture Financial Services Corporation:

- ensure that agreements between AFSC and its employees comply with the corporation's established policies. If deviations from policies are necessary, adequate justification and support should be documented
- improve its training policy and reimbursement agreements to make them more specific and in line with the guidance by Government of Alberta Corporate Human Resources
- consider recovering expenses that did not comply with AFSC's policies