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Report of the Auditor General of Canada

CHAPTER 8

Disaster Relief for Producers—Agriculture and Agri-Food Canada



Office of the Auditor General of Canada

OAG

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CHAPTER 8

Disaster Relief for Producers— Agriculture and Agri-Food Canada

Performance audit reports

This report presents the results of a performance audit conducted by the Office of the Auditor General of Canada under the authority of the *Auditor General Act*.

A performance audit is an independent, objective, and systematic assessment of how well government is managing its activities, responsibilities, and resources. Audit topics are selected based on their significance. While the Office may comment on policy implementation in a performance audit, it does not comment on the merits of a policy.

Performance audits are planned, performed, and reported in accordance with professional auditing standards and Office policies. They are conducted by qualified auditors who

- establish audit objectives and criteria for the assessment of performance,
- gather the evidence necessary to assess performance against the criteria,
- report both positive and negative findings,
- conclude against the established audit objectives, and
- make recommendations for improvement when there are significant differences between criteria and assessed performance.

Performance audits contribute to a public service that is ethical and effective and a government that is accountable to Parliament and Canadians.

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Disaster Relief for Producers— Agriculture and Agri-Food Canada

Main Points

What we examined

Agriculture and Agri-Food Canada (AAFC) has a mandate to provide information, research and technology, and policies and programs to achieve an environmentally sustainable, innovative, and competitive agricultural sector. AAFC's work includes supporting productivity and trade, stabilizing farm incomes, conducting research, and assisting in efforts to mitigate the effects of natural disasters such as floods, droughts, or incidences of animal and plant disease.

AgriRecovery is a joint federal and provincial/territorial program aimed at quickly providing producers with assistance when disasters occur that are not covered under other support programs. It is up to AAFC and provinces/territories to jointly determine whether a disaster is eligible. If so, a specific AgriRecovery initiative is created for producers to apply for assistance. Since the launch of the program in December 2007, federal and provincial governments have committed \$1.2 billion to 37 disaster relief initiatives across Canada, and respectively shared costs 60/40.

We examined whether Agriculture and Agri-Food Canada has adequately managed the federal role in providing disaster relief to producers through AgriRecovery. We looked at the Department's management of timeliness, communications to producers, compliance with AgriRecovery criteria, and lessons learned.

Audit work for this chapter was completed on 13 September 2013. More details on the conduct of the audit are in **About the Audit** at the end of this chapter.

Why it's important

The Canadian agriculture and agri-food industry is vital to Canada's economic success and its food supply, and according to the Department, this industry accounted for 8 percent of Canada's gross domestic product in 2010. The agricultural sector faces several challenges, including increased international competition, rapid technological improvements, increased importance of environmental and health concerns, increased input costs, rapidly evolving consumer preferences, changes in foreign exchange, and more volatility due to weather

changes and disease. AgriRecovery was established to fill gaps in existing government programming, and to provide quick, targeted assistance to agricultural producers to facilitate their return to business as rapidly as possible after exceptional disaster events.

What we found

- There are significant timeliness issues with AgriRecovery. AgriRecovery includes both an assessment phase (45-day target) and, if approved, a payment phase (9-month target). The Department completed assessments in 45 days only 16 percent of the time, and exceeded this target by an average of 81 days. For initiatives that could be measured, one third of AgriRecovery initiatives exceeded the combined 10.5-month (45 days plus 9 months) timeline, by 5 months on average. Although the Department is aware of these issues, it does not have a process in place to track in real time whether it is meeting its targets and to highlight initiatives requiring corrective action.
- The Department does not have streamlined processing for smaller initiatives. Though it has been successful in processing large initiatives in a timely fashion, for smaller initiatives—representing about half of all AgriRecovery initiatives—processing times ranged from just under one year to 15 months. For example, a \$44,000 excess moisture initiative was delivered in a total of 228 days, while the largest, at \$150 million, took less than half that time.
- Agriculture and Agri-Food Canada appropriately applied program criteria to approve or reject all the proposed initiatives under AgriRecovery that we reviewed. In addition, once initiatives were approved for funding, the departmentally coordinated communication efforts with the provinces and communications related to approved AgriRecovery initiatives worked well.
- While the Department has applied some lessons learned, timeliness has not improved over the life of AgriRecovery. Timeliness and performance measurement problems that were identified in our prior Agriculture and Agri-Food business risk management program audits are also challenges in AgriRecovery. Since AgriRecovery was created to provide producers with quick assistance to help them recover from disasters, the Department's difficulty in meeting timeliness targets is a significant concern.

The Department has responded. The Department agrees with all of the recommendations. Its detailed responses follow the recommendations throughout the chapter.

Introduction

Disaster relief for producers

8.1 The mandate of Agriculture and Agri-Food Canada (AAFC) is to provide information, research and technology, and policies and programs to help Canada's agriculture, agri-food and agri-based products sector increase its environmental sustainability, compete in markets at home and abroad, manage risk, and embrace innovation. The Department's work includes supporting productivity and trade, stabilizing farm incomes, conducting research, and assisting in efforts to mitigate the effects of natural disasters such as excess moisture, droughts, or animal and plant disease. Natural disasters impose significant economic and social consequences on individual farmers and the agricultural industry. Those consequences include production and revenue losses and, in the case of some disease outbreaks, border closures that can have far-reaching effects.

8.2 The Canadian agriculture and agri-food industry is vital to Canada's economic success and its food supply. It encompasses several industries, including primary agriculture, input suppliers, food and beverage processing and distribution, and wholesale and retail food industries. According to the Department, this industry accounted for 8 percent of Canada's gross domestic product in 2010. The agricultural sector faces several challenges, including increased international competition, rapid technological improvements, increased importance of environmental and health concerns, increased input costs, rapidly evolving consumer preferences, changes in foreign exchange, and more volatility due to weather changes and disease.

8.3 In 2008, the Department entered into Growing Forward: A Federal-Provincial-Territorial Framework Agreement on Agriculture, Agri-Food and Agri-Based Products Policy. The framework identified common goals and established cooperative programming to support the agriculture and agri-foods sector across Canada. An important policy outcome of the agreement is that farm-income support programs are to be timely, responsive, and predictable. Changes to program design must be negotiated with the provinces and territories, and requirements for administering the programs are included in the agreement and its program guidelines. This five-year agreement expired on 31 March 2013; the federal-provincial-territorial governments launched a successor framework, Growing Forward 2, on 1 April 2013.

Agricultural producers—Those who produce

- livestock, poultry, related products (for example, eggs, dairy, and meat), and ranch fur products (for example, mink and fox);
- crop and plant products (for example, wheat, barley, oats, corn, fruit, nuts, vegetables, and tobacco); and
- nursery products (for example, trees, shrubs, and annual and perennial plants).

8.4 The policy frameworks set out in both the 2008 and 2013 Growing Forward agreements include a set of business risk management programs—AgriInvest, AgriStability, AgriInsurance, and AgriRecovery—that provide assistance in response to severe market volatility and disaster situations.

8.5 AgriRecovery was established to fill gaps in existing government programming, and to provide quick, targeted assistance to **agricultural producers** so as to facilitate their return to business as rapidly as possible. This disaster relief framework is designed to allow federal, provincial, and territorial governments to respond jointly to exceptional disaster events. To begin the AgriRecovery process, a province or territory must request that the Department launch a joint assessment of whether a particular incident is eligible under AgriRecovery criteria. Once the federal and provincial or territorial governments determine that an incident is eligible and create a specific AgriRecovery initiative, producers can apply for assistance.

8.6 Since the launch of AgriRecovery in December 2007, federal and provincial governments have committed \$1.2 billion to 37 disaster relief initiatives across Canada. The costs were shared 60 percent federally and 40 percent provincially. As there have been no such initiatives in any of Canada’s territories, we refer only to the provinces in this chapter.

8.7 When federal and provincial governments agree that an AgriRecovery response is appropriate, they work together to create an initiative. In most cases, the affected province delivers both the federal and provincial shares of funding to producers who qualify for disaster relief. The province processes applications, makes payments, and conducts post-payment audits of producers. After participating in the assessment of the event and the creation of the initiative, the federal government reimburses the province for the federal share of AgriRecovery costs (Exhibit 8.1).

8.8 This report describes how AgriRecovery typically works in practice:

- The 2008 Growing Forward agreement states that Canada, as well as the provinces, may request disaster assessments. Normally, provinces request these assessments; this is the process described in our chapter.

- Although the federal government has made direct AgriRecovery payments to producers, this arrangement is less common (occurring in 16 percent of initiatives). This chapter refers primarily to the typical situation where provinces issue AgriRecovery cheques on behalf of both levels of government.

Focus of the audit

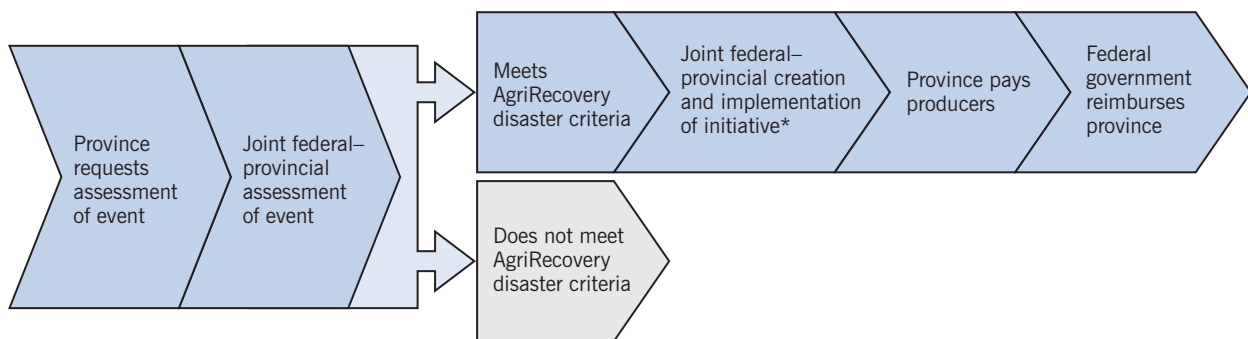
8.9 The focus of our audit was to determine whether Agriculture and Agri-Food Canada adequately manages the federal role in providing disaster relief to producers through AgriRecovery.

8.10 The audit examined the processes the Department followed to assess disaster events and to develop initiatives, from the start of AgriRecovery to the end of 2012. Specifically, we examined the Department’s management of timeliness, communications to producers, compliance with AgriRecovery criteria, and lessons learned.

8.11 Our audit findings relate only to the Department. We did not audit the provincial role in AgriRecovery.

8.12 More details about the audit objectives, scope, approach, and criteria are in **About the Audit** at the end of this chapter.

Exhibit 8.1 The AgriRecovery process



* Includes obtaining required authorizations (typically from Cabinet and the Governor in Council) and negotiating a contribution agreement between the federal government and a province, with terms and conditions.

Observations and Recommendations

Managing for timeliness

The Department seldom met the 45-day target for assessments

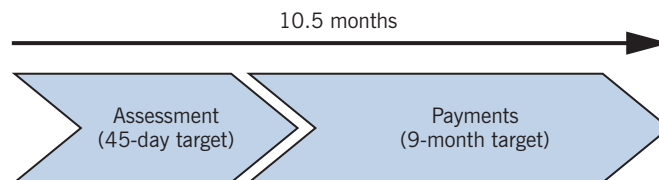
8.13 Agriculture and Agri-Food Canada (AAFC) administers the federal role in the AgriRecovery disaster relief program in accordance with

- the Treasury Board’s policies on transfer payments and on evaluation;
- Growing Forward: A Federal-Provincial-Territorial Framework Agreement on Agriculture, Agri-Food and Agri-Based Products Policy; and
- the 2009 AgriRecovery Program Guidelines that Canada and the provinces approved.

8.14 AgriRecovery was established to offer quick, targeted assistance to producers who experience disasters, so that they can return to business as rapidly as possible. To help manage AgriRecovery, the Department established a performance measurement framework that includes two timeliness-related targets (Exhibit 8.2):

- completing assessments within 45 days of a provincial request, 90 percent of the time; and
- processing 75 percent of payments within 9 months of an approved assessment.

Exhibit 8.2 AgriRecovery timeliness targets



8.15 45-day target. We examined whether the Department had met its assessment target and found that it had not. The Department completed assessments in 45 days only 16 percent of the time, against its target of 90 percent. We found that assessment processing times exceeded the 45-day target by an average of 81 days.

8.16 9-month target. We examined whether the Department had met its payment target and found that it had. The Department met its 9-month target for 84 percent of initiatives.

Delays in assessment led to missing one third of overall timelines

8.17 AgriRecovery’s goals include providing timely assistance to producers after a natural disaster has occurred. We examined each approved initiative to determine the total amount of time that passed between a province’s request for assessment and payments to producers.

8.18 While the Department’s performance measurement framework does not include a standard for total processing time, it defines the 45-day assessment standard as ending when the 9-month payment standard begins. It is our view that the Department should measure overall timeliness against a cumulative 10.5-month timeline, because it is the duration from the request for a disaster assessment until the issuing of payments that matters to producers. We combined the two standards to calculate whether producers were paid within 10.5 months (45 days plus 9 months) of a request for assessment. We found that, for one third of the initiatives that could be measured, AgriRecovery did not pay producers within 10.5 months. For this third of initiatives, payments took an average of 15.5 months. This means that some producers waited more than a year for payment.

8.19 There are three main types of disasters: disease, drought, and excess moisture (Exhibit 8.3). The federal shares of these range from \$30,000 to \$150 million.

8.20 Excess moisture initiatives are the largest and are delivered the fastest. However, the overall timeline was not met for disease or drought initiatives, which were one half of all AgriRecovery initiatives.

Exhibit 8.3 Payments to producers vary by type of AgriRecovery initiative

Type of disaster	Number of events	Federal share of total payments		Processing time		Was the 10.5-month timeline met?
		Range	Average	Range (days)	Average (days)	
Disease	10	\$30,000–\$3,200,000	\$637,000	165–585	348	No (3–4 weeks over)
Drought	4	\$1,800,000–\$40,000,000	\$16,000,000	195–985	433	No (4 months over)
Excess moisture	14	\$44,000–\$150,000,000	\$31,000,000	86–379	227	Yes

While AgriRecovery delivered the largest disaster recovery initiatives within the 10.5-month time frame, it did not deliver one third of initiatives—which generally included the smaller ones—on a timely basis. We found that assessments taking longer than the 45-day target were the main reason why disease and drought initiatives were not delivered within 10.5 months.

8.21 The Department indicates that the need for recovery is often clearer for large-scale disasters such as excess moisture events, but that additional effort is needed to assess disease and drought events. Since 2012, the Department has been in discussion with the provinces regarding possible modifications to timeliness targets. Subsequent sections in this report identify the need for the Department to track payment timeliness and streamline processes for smaller initiatives.

8.22 Typically, each initiative is approved by Cabinet and the Governor in Council, and each initiative is implemented through a contribution agreement between Canada and the requesting province. Meaningful improvements to the timeliness of AgriRecovery initiatives therefore require cooperation from Canadian central agencies and provinces, but the Department has not done the analysis needed to identify reasons for the delays. This analysis is essential for central agencies and provinces to participate with the Department in resolving timeliness problems.

8.23 Recommendation. Agriculture and Agri-Food Canada should analyze AgriRecovery processes, quantify and document impediments to timeliness, and take corrective action to meet the 45-day assessment target and the overall 10.5-month timeline for AgriRecovery. As part of this process, the Department should engage the provinces and Canada's central agencies on how to deliver the AgriRecovery program faster.

The Department's response. Agreed. The Department agrees that the assessment process should be reviewed with stakeholders. AgriRecovery has provided timely and targeted assistance to help producers recover from disasters, with the majority of the value of payments being provided within the overall timelines. The Department recognizes the opportunities to improve the assessment process, particularly for the smaller initiatives, and will engage central agencies and provinces to further analyze impediments in the process, update our timeliness targets as required, and make process adjustments to meet these targets. The target date is March 2018.

The Department does not track payment timeliness

8.24 The Treasury Board's Policy on Transfer Payments requires that departments develop policies and procedures for adequate monitoring of results achieved under contribution agreements and for obtaining suitable information from transfer payment recipients that deliver programs. This information is necessary so that the Department can demonstrate that intended results have been achieved.

8.25 We examined whether the Department had established and documented a process for recording and monitoring major milestones in the assessment process. We also looked at whether contribution agreements included adequate accountability requirements to support timeliness monitoring, as set out in the Growing Forward performance measurement framework. We reviewed documentation, internal reports, and contribution agreements made with the provinces. We found that the Department did not have an adequate process to monitor timeliness. We also found that, early in AgriRecovery, many contribution agreements did not include adequate reporting requirements for payment information to support timeliness monitoring. This was corrected in 2011.

8.26 We found that the Department is aware of timeliness issues with AgriRecovery, but that it lacks real-time identification of delays so that corrective action can be taken. There are two main phases to AgriRecovery initiatives: the assessment phase and the payment phase (Exhibit 8.2).

8.27 We found that the Department did not monitor the timeliness of initiatives in the assessment phase of AgriRecovery initiatives—even though, by the time an initiative was approved, an average of 126 days had passed, against a target of 45 days.

8.28 In the payment phase, we found that, while the Department did report internally on a weekly basis on payments to date by initiative, the reports did not identify elapsed time or initiatives requiring corrective action.

8.29 Recommendation. Agriculture and Agri-Food Canada should track and report on AgriRecovery timeliness in real time, and address initiatives that require corrective action.

The Department's response. Agreed. The Department will track and report on AgriRecovery timelines on a real-time basis, and will address those initiatives requiring corrective action. The target date is March 2014.

The Department does not ensure that it gets the information it needs to assess the timeliness of payments

8.30 Information from provinces. Because provinces make AgriRecovery payments to producers, the Department needs information from the provinces so that the Department can track timeliness against its 9-month payment target. We examined whether a sample of 10 contribution agreements included requirements for provinces to provide the Department with information on the status of payments. We found that only 4 of the 10 included specific requirements that addressed these targets. Additionally, the required reporting frequency varied, from biweekly to none. The Department advised us that it had strengthened the timeliness reporting requirements included in contribution agreements in 2011. We examined an additional 9 contribution agreements in place from 2011 onward, and found that these more recent agreements did include specific requirements for providing information on payment status.

8.31 Surveys. The Department's performance measurement framework states that surveys should be undertaken to assess how well AgriRecovery assists producers. We found that the Department has not ensured that such surveys have been conducted for many initiatives and therefore does not have the information to determine whether AgriRecovery is assisting producers. Despite this, in the supplementary tables the Department provided with the 2010–11 and 2011–12 departmental performance reports, AAFC concluded that it had achieved its AgriRecovery performance targets for assisting producers. Furthermore, an internal 2013 Performance Indicators Preliminary Detailed Report of AAFC Business Risk Management Programs reported that, for an initiative in 2011, "Formal surveys were not completed, however, it is reasonable to assume that all producers that received assistance found it helped their recovery."

8.32 In our sample of 10 contribution agreements, the terms and conditions did not require that surveys be conducted. We also found that the Department does not have surveys on file for most initiatives and that the information contained in them is incomplete.

8.33 Results of the audit team's survey. We conducted a survey of agricultural producer organizations. Our survey included questions about whether the organizations were satisfied with the amounts and timeliness of AgriRecovery payments. Our overall survey response indicated general satisfaction with the amount of financial assistance received through AgriRecovery, but less satisfaction with timeliness.

8.34 Responses to our survey were also consistent with our finding that AgriRecovery missed overall timelines for one third of initiatives. While 17 of 29 responses described payments as somewhat timely, only 2 of 29 rated payments as very timely, and 10 of 29 described payments as not at all timely. Some producer organizations commented that the lack of timely payments reduced producers' ability to recover. Exhibit 8.4 contains examples of those comments, which indicate that there are critical dates by which producers need assistance if they are to recover from disasters.

Exhibit 8.4 Producer organizations described the negative impact of delayed AgriRecovery payments

Examples of comments from the responses to our survey of producer organizations regarding AgriRecovery:

"The drought that the assistance was needed for was in 2010 and the need was to try to get assistance for the producers to be able to retain cattle and not have to sell them to get through the winter. Assessment and assistance did not happen until the spring of 2011 and most had already sold their cattle to pay the bills."

"Producers with limited financial resources are strongly limited in their ability to recover because of the uncertainty of anticipating how much AgriRecovery assistance will be made available to them."

"Funds were needed to get the feed for the fall and winter of 2010 and assistance did not come until summer of 2011."

"Many producers were frustrated with the delay on payments."

The Department does not have appropriate performance measures to assess how well AgriRecovery helps producers recover

8.35 A Treasury Board of Canada Secretariat guidance document, *Supporting Effective Evaluations: A Guide to Developing Performance Measurement Strategies*, states that performance measures should be both valid (they should measure what they are intended to measure) and relevant (they should clearly link back to program outcomes).

8.36 In addition to the timeliness targets we refer to in paragraph 8.14, the Department's performance measurement framework includes three other targets:

- 80 percent of expected producers affected apply for assistance,
- 70 percent of producers surveyed are still farming one year after the disaster payment, and
- 75 percent of producers surveyed believe that the financial assistance provided under the program played a role in their recovery.

8.37 In our view, these three indicators are not reliable measures of whether AgriRecovery has succeeded in helping producers recover. The first indicator addresses participation only and the second one deals with a time period that may be too short to take into account the longer-term effects of AgriRecovery initiatives. The third indicator is worded in such a way that it would be difficult to reach a negative conclusion because any assistance, no matter how small or untimely, could be considered helpful.

8.38 Ensuring that AgriRecovery financial assistance is sufficient to enable short-term action to minimize or contain the impacts of a disaster and that payments are timely are two elements critical to helping producers recover. Performance measures that allow the Department to capture the effectiveness of these elements are essential for the Department to determine whether AgriRecovery is meeting its objectives. The Department began discussions with the provinces in 2012 regarding possible modifications for measuring how well AgriRecovery helps producers recover.

The Department does not have a streamlined process for smaller initiatives

8.39 The Treasury Board's Framework for the Management of Risk and its Policy on Transfer Payments require departments to implement adequate risk management. In our view, the amount of effort needed to process AgriRecovery payments should be proportionate to the size and complexity of the initiative.

8.40 We audited whether the Department had established and documented AgriRecovery assessment and payment processes that take risks into account—and, in particular, whether they ensure that payments are made in accordance with AgriRecovery criteria and on a timely basis. We examined the terms and conditions that Treasury Board approved, the AgriRecovery guidelines, and 15 initiative files. We also interviewed AAFC officials. We found that, while AAFC has established and documented a process for assessing formal AgriRecovery requests, the Department does not streamline processing for smaller, lower-risk initiatives.

8.41 Payment compliance. We found that payments are made in accordance with AgriRecovery criteria. More details about payment compliance are in the section of this chapter beginning at paragraph 8.47.

8.42 Timely assistance. The Department had the fastest average processing times for excess moisture events, which included five out of

the six biggest initiatives (Exhibit 8.3). This means that payments relating to large initiatives were made quickly to producers. It also demonstrates that rapid payment is possible through AgriRecovery.

8.43 While we found that the Department has been successful in timely processing of large initiatives, it has not developed procedures for its internal administration of AgriRecovery that differentiate between small and large initiatives. Notably, one \$44,000 excess moisture initiative was delivered in a total of 228 days, whereas the largest \$150 million excess moisture initiative was delivered in only 110 days. Furthermore, we found that average processing times for disease and drought initiatives, which together represent approximately half of all of the initiatives, ranged from just under a year to 15 months. There is currently a risk that the cost of administration for small initiatives is disproportionate to size. Agriculture and Agri-Food Canada lacks a streamlined process for small initiatives.

8.44 Recommendation. Agriculture and Agri-Food Canada should assess risk for each AgriRecovery initiative and streamline its administrative effort for smaller, lower-value initiatives.

The Department's response. Agreed. The Department will formally assess risks for each initiative. The Department will consult with provinces and central agencies with a view to streamlining the administrative processes based on risk. The target date is March 2018.

The Department does not publicly communicate AgriRecovery's timeliness results

8.45 Treasury Board's Policy on Evaluation requires that information about ongoing program performance be available to Parliament and to Canadians in a timely manner. We examined whether the Department had provided public information about AgriRecovery. While we found the Department did report in its departmental performance reports for 2010–11 and 2011–12 against two of the three performance indicators identified in paragraph 8.36, AAFC has not publicly reported either its timeliness service standards or its performance against them.

8.46 Recommendation. Agriculture and Agri-Food Canada should publicly communicate AgriRecovery's performance against its timeliness targets.

The Department's response. Agreed. The Department will report against its timeliness targets on AgriRecovery in the Departmental Performance Report, starting with the 2013–14 fiscal year. The target date is December 2014.

Assessing disasters against criteria

The Department assessed disasters appropriately against program criteria

8.47 We examined whether Agriculture and Agri-Food Canada was assessing—and either approving or rejecting—proposed initiatives in accordance with the terms and conditions the federal government had approved. AgriRecovery criteria identify what constitutes a disaster and specify that payments must not duplicate other government assistance. Adequate assessment is important to ensuring that AgriRecovery assistance is paid when eligibility requirements for disaster assistance are met, and not paid when they are not met.

8.48 We reviewed AgriRecovery’s terms and conditions, and the related assessment guidelines. We also audited 12 approved initiatives and 3 rejected initiatives to see if they had been assessed in accordance with the terms and conditions and guidelines. We found that the Department had assessed all 15 proposed initiatives appropriately.

Communicating with producers

Communications work well after an AgriRecovery initiative is approved

8.49 The Communications Policy of the Government of Canada requires that communications across the government be well coordinated, effectively managed, and responsive to the public’s diverse information needs. The Growing Forward agreement requires federal and provincial governments to work together to develop communication plans, products, and activities.

8.50 We examined whether communications were well coordinated, effectively managed, and responsive, as both the communications policy and the AgriRecovery framework require. We looked at communications information for the AgriRecovery framework from 1 January 2011 to 31 December 2012, and reviewed agreements with the provinces, the procedures of Agriculture and Agri-Food Canada, and 15 initiatives that had been approved over this period. We found that overall communication efforts were integrated with the provinces, and that communications on approved AgriRecovery initiatives worked well.

8.51 We found that the Department does not typically make an announcement when it launches an assessment of a disaster. Officials told us that the Department does not announce assessments so as not to create expectations that producers will receive payments. However, we identified six instances where producers had become aware of an assessment before the official announcement of

an initiative. This means that some producers received information about assessments before others did. In our survey of producer organizations, more than half of the responses stated concerns about communications during AgriRecovery assessments.

8.52 We reviewed 15 approved initiatives, and found that the related media releases were typically issued within seven days and included information on how to apply for assistance.

Applying lessons learned

While the Department has applied some lessons learned, problems with payment timeliness and performance measurement remain

8.53 Treasury Board's 2010 Framework for the Management of Risk notes that deputy heads play an important role in supporting continuous improvement in risk management in their departments and agencies.

8.54 We examined whether Agriculture and Agri-Food Canada had identified and applied lessons learned from other business risk management programs and its earlier experience in managing AgriRecovery. We also examined lessons-learned initiatives for the AgriRecovery program, and assessed whether problems identified in the 2011 Fall Report of the Auditor General of Canada, Chapter 3—Payments to Producers were evident in AgriRecovery. We found that, while the Department has applied some lessons learned, problems with payment timeliness and performance measurement remain.

8.55 We noted examples in which the Department applied lessons learned, including the fact that earlier ad hoc disaster-related initiatives led to the establishment of AgriRecovery. Other applications of lessons learned included the 2009 AgriRecovery Program Guidelines to aid in program administration, improved requirements for performance measurement information in AgriRecovery contribution agreements since 2011, and broadened coverage under AgriInsurance resulting from AgriRecovery initiatives.

8.56 However, addressing payment timeliness issues was an important reason for establishing AgriRecovery. While the Department considers lessons learned at the end of initiatives, we found no trend of timeliness improving over the life of AgriRecovery. As noted in paragraph 8.18, one third of AgriRecovery initiatives take an average of 15.5 months to process from beginning to end.

Issues identified in other business risk management programs continue in AgriRecovery

8.57 AgriRecovery is a component of the Department's business risk management set of assistance programs to producers. We audited other business risk management programs in 2011. Issues identified in the 2011 audit included communications, timeliness of payments, and performance measurement. While communications in AgriRecovery are better than we noted in our 2011 audit of other business risk management programs, timeliness and performance measurement problems continue in AgriRecovery today.

8.58 Overall, we found that the Department demonstrated only limited application of lessons learned to improve current programs. In particular, timeliness of payments and performance measurement are areas that require corrective action.

Conclusion

8.59 We concluded that Agriculture and Agri-Food Canada does not adequately manage the federal role in providing disaster relief to producers. AgriRecovery's communications were coordinated with the provinces, and proposed initiatives were assessed in accordance with AgriRecovery criteria. However, the Department does not streamline processing for smaller, lower-risk initiatives, nor does it track whether initiatives are meeting timeliness targets. While AgriRecovery has been successful in delivering assistance to producers quickly for large disasters related to excess moisture, it has not delivered timely assistance for many disease- and drought-related disasters; it seldom met the 45-day target for assessments.

About the Audit

All of the audit work in this chapter was conducted in accordance with the standards for assurance engagements set out in *The Canadian Institute of Chartered Accountants Handbook—Assurance*. While the Office adopts these standards as the minimum requirement for our audits, we also draw upon the standards and practices of other disciplines.

As part of our regular audit process, we obtained management’s confirmation that the findings reported in this chapter are factually based.

Objective

The overall audit objective was to determine whether Agriculture and Agri-Food Canada (AAFC) adequately manages the federal role in providing disaster relief to producers through AgriRecovery.

Scope and approach

The scope of the audit includes Agriculture and Agri-Food Canada’s disaster relief program, AgriRecovery.

The audit focused on

- the coordination of communications activities with provinces and AAFC’s federal communications responsibilities;
- AgriRecovery’s program criteria, service standards, and risk and performance assessments;
- AgriRecovery’s performance measurement and reporting systems; and
- lessons learned during the implementation of the AgriRecovery program.

During the audit, we collected information through analysis of files, records, reports, and bilateral agreements. The audit team selected 15 AgriRecovery initiatives for examination that covered the three main types of disasters (drought, excess moisture, and disease), varying initiative amounts, and selected fiscal years (between 2008 and 2012). We also conducted interviews with the Department’s management and staff responsible for the design and delivery of these initiatives, as well as interviews with stakeholders.

We conducted a survey of commodity-specific producer associations and of one provincial producer association per province. We sent the survey to 23 producer associations throughout Canada and received 16 completed surveys. In some cases, producer associations provided separate responses relating to multiple initiatives; accordingly, reported results may be greater than 16. We provided a draft of the survey to the Department in advance for comments.

We met with a national-level agricultural group.

We audited only the activities of Agriculture and Agri-Food Canada.

Criteria

Criteria	Sources
To determine whether Agriculture and Agri-Food Canada adequately manages the federal role in providing disaster relief to producers through AgriRecovery, we used the following criteria:	
The Department coordinates its AgriRecovery communication activities with provinces and territories.	<ul style="list-style-type: none"> • Communications Policy of the Government of Canada, 2012 and 2006, Treasury Board
The Department ensures that overall AgriRecovery communications fulfill federal communication responsibilities.	<ul style="list-style-type: none"> • Growing Forward Framework, 2008, Agriculture and Agri-Food Canada
The Department has established and documented a process for assessing formal AgriRecovery requests, and recording and monitoring key milestones in the assessment process.	<ul style="list-style-type: none"> • Policy on the Management of Projects, 2009 and 2007, Treasury Board
The Department assesses incidents for possible disaster financial assistance in accordance with approved criteria and guidelines.	<ul style="list-style-type: none"> • Growing Forward Framework, 2008, Agriculture and Agri-Food Canada • AgriRecovery Program Guidelines, 2009, Agriculture and Agri-Food Canada
The Department bases the extent of its assessment for individual incidents on risk.	<ul style="list-style-type: none"> • Policy on Transfer Payments, 2012, 2008, and 2000, Treasury Board
The Department bases the controls and accountability requirements in contribution agreements for individual AgriRecovery initiatives on risk.	<ul style="list-style-type: none"> • Directive on Transfer Payments, Treasury Board • Framework for the Management of Risk, Treasury Board • Growing Forward Framework, 2008, Agriculture and Agri-Food Canada • AgriRecovery Program Guidelines, 2009, Agriculture and Agri-Food Canada
The Department has established reasonable and practical performance measures and service standards for AgriRecovery.	<ul style="list-style-type: none"> • Policy on Transfer Payments, 2012, 2008, and 2000, Treasury Board • Policy on Evaluation, 2009 and 2001, Treasury Board • Supporting Effective Evaluations: A Guide to Developing Performance Measurement Strategies, Treasury Board of Canada Secretariat • Growing Forward Framework, 2008, Agriculture and Agri-Food Canada • AgriRecovery Program Guidelines, 2009, Agriculture and Agri-Food Canada • Business Risk Management Performance Measurement Plan for AgriRecovery, Agriculture and Agri-Food Canada

Criteria	Sources
To determine whether Agriculture and Agri-Food Canada adequately manages the federal role in providing disaster relief to producers through AgriRecovery, we used the following criteria: (continued)	
<p>With respect to performance management and measurement for AgriRecovery, the Department</p> <ul style="list-style-type: none"> • assesses possible initiatives in the time set out in appropriate service standards; • completes the design and delivery of AgriRecovery initiatives in a period of time that enables it to achieve its service standards; and • evaluates the effectiveness of AgriRecovery in assisting intended recipients, while ensuring AgriRecovery payments consider other sources of government assistance. 	<ul style="list-style-type: none"> • Policy on Evaluation, 2009 and 2001, Treasury Board • Supporting Effective Evaluations: A Guide to Developing Performance Measurement Strategies, Treasury Board of Canada Secretariat • Business Risk Management Performance Measurement Plan for AgriRecovery, Agriculture and Agri-Food Canada • Growing Forward Framework, 2008, Agriculture and Agri-Food Canada • AgriRecovery Program Guidelines, 2009, Agriculture and Agri-Food Canada
<p>The Department identifies and applies lessons learned from other business risk management programs and earlier AgriRecovery experience in managing AgriRecovery.</p>	<ul style="list-style-type: none"> • Framework for the Management of Risk, Treasury Board

Management reviewed and accepted the suitability of the criteria used in the audit.

Period covered by the audit

The audit covered the period between 6 December 2007 and 31 December 2012, except for communications, for which the period was 1 January 2011 to 31 December 2012. Audit work for this chapter was completed on 13 September 2013.

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Appendix List of recommendations

The following is a list of recommendations found in Chapter 8. The number in front of the recommendation indicates the paragraph where it appears in the chapter. The numbers in parentheses indicate the paragraphs where the topic is discussed.

Recommendation	Response
Managing for timeliness	
<p>8.23 Agriculture and Agri-Food Canada should analyze AgriRecovery processes, quantify and document impediments to timeliness, and take corrective action to meet the 45-day assessment target and the overall 10.5-month timeline for AgriRecovery. As part of this process, the Department should engage the provinces and Canada’s central agencies on how to deliver the AgriRecovery program faster. (8.13–8.22)</p>	<p>Agreed. The Department agrees that the assessment process should be reviewed with stakeholders. AgriRecovery has provided timely and targeted assistance to help producers recover from disasters, with the majority of the value of payments being provided within the overall timelines. The Department recognizes the opportunities to improve the assessment process, particularly for the smaller initiatives, and will engage central agencies and provinces to further analyze impediments in the process, update our timeliness targets as required, and make process adjustments to meet these targets. The target date is March 2018.</p>
<p>8.29 Agriculture and Agri-Food Canada should track and report on AgriRecovery timeliness in real time, and address initiatives that require corrective action. (8.24–8.28)</p>	<p>Agreed. The Department will track and report on AgriRecovery timelines on a real-time basis, and will address those initiatives requiring corrective action. The target date is March 2014.</p>
<p>8.44 Agriculture and Agri-Food Canada should assess risk for each AgriRecovery initiative and streamline its administrative effort for smaller, lower-value initiatives. (8.39–8.43)</p>	<p>Agreed. The Department will formally assess risks for each initiative. The Department will consult with provinces and central agencies with a view to streamlining the administrative processes based on risk. The target date is March 2018.</p>
<p>8.46 Agriculture and Agri-Food Canada should publicly communicate AgriRecovery’s performance against its timeliness targets. (8.45)</p>	<p>Agreed. The Department will report against its timeliness targets on AgriRecovery in the Departmental Performance Report, starting with the 2013–14 fiscal year. The target date is December 2014.</p>

