

# RESPONSE TO THE AG REPORT ON THE CAIS PROGRAM

An audit of the Canadian Agricultural Income Stabilization (CAIS) program was requested by the House of Commons Standing Committee on Agriculture and Agri-Food. The audit examined how the Department processed applications for income support and ensured that all parties respected the various monitoring provisions set out in federal-provincial-territorial agreements. It also looked at how the program's performance was measured and reported to Parliament. Field work was conducted from July 2006 to October, 2006 with a key focus on program delivery for the 2004 program year and some focus on program improvements for the 2005 program year.

| ISSUE - Transparency/Service Improvement   | 2004 and 2005   | Beginning in 2006  | For the Future  |
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| <p>Improve transparency of statement to producers explaining how benefits were calculated.</p> <p><b>The AG acknowledges these improvements:</b></p> <p><b>Chapter 4.29 – “The Department plans to improve the CAIS application forms and tools. It intends to simplify the application form for the 2006 CAIS program year and to provide a web-based electronic CAIS application tool and online access to CAIS account information for individual producers.”</b></p> | <p>The first calculation of benefits notices for CAIS had limited information and were issued long after the producer received a payment.</p> | <p><b>In 2006:</b><br/>Program statements are issued within 12 days of a producer receiving a payment and more detailed information such as structure change calculations has been added.</p> <p><b>In 2007:</b><br/>Program information requirements have been simplified and made more accessible:</p> <ul style="list-style-type: none"> <li>– Six page form reduced to one page.</li> <li>– Improved online calculator in place to help producers more accurately estimate payments.</li> <li>– Producers can track status of their application through My Account.</li> </ul> <p>All of these improvements are based on analysis of program data.</p>   | <p><b>In 2008:</b><br/>More detailed information will be added to the Calculation of Benefits statement for the 2007 program year, which will be delivered in 2008.</p> |
| <p>Strengthen focus on continuous improvement by systematically</p> <ul style="list-style-type: none"> <li>• collecting relevant information about the nature, extent and timing of errors;</li> <li>• analyzing the information; and</li> <li>• continually applying the results of the analyses to improve all phases of application processing, under the department's farm income support programs</li> </ul>  |   | <p><b>Beginning in 2006:</b><br/>Interim payments are available in most provinces and cheques delivered within 30 days of a producer sending in an application.</p> <p>Targeted advances are available for disaster situations.</p> <p>Producers who have previously participated are enrolled automatically, which reduces paperwork.</p> <p>Flexibility has been built into program deadlines so producers have more time to meet program requirements.</p> <p>Secure electronic filing is in place in most provinces.</p> <p><b>In 2007:</b><br/>Improved on-line calculators are in place to help producers more accurately estimate payments.</p> <p>Where Canada delivers CAIS, the form has been shortened from six pages to one.</p> | <p>The department will use the information it has available on a more systematic basis to improve program delivery.</p>   |
| <p>Set realistic service standards and monitor them.</p>   | <p><b>In 2005:</b><br/>As of December 31, 2005 AAFC had processed 55% of 2004 applications.</p>   | <p><b>In 2006:</b><br/>As of December 31, 2006, AAFC had processed 76% of 2005 applications.</p>   | <p>AAFC is leading discussions with provincial partners to establish national processing standards.</p>   |

| ISSUE - Accuracy of Payments  | 2004 and 2005   | Beginning in 2006   | For the Future  |
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| <p>Make the same effort to prevent, detect and correct underpayments and overpayments.</p>  | <p>AAFC has been using a risk based approach to process applications, which resulted in a focus on payments and as a result, zero payments were not subject to reviews.</p> | <p><b>For 2007:</b><br/>AAFC has already responded to the AG recommendation and increased the focus on underpayments.</p> | <p>AAFC will continue to review its audit and verification processes to ensure a balance between overpayments and underpayments</p>   |
| <p>Use a statistically valid method to estimate payment errors.</p> <p><b>The AG acknowledges this improvement and other steps to detect and correct errors:</b></p> <p><b>Chapter 4.37 – “When we completed our audit, the Financial Operations Division’s preliminary calculations for the 2005 program year indicated that estimated absolute errors were lower than in previous years and were beginning to approach the internal target of three percent.”</b></p> <p><b>Chapter 4.113 – “Given the amount of complex information producers are required to provide in their CAIS applications and the volume of applications it receives, the Department has implemented a reasonable approach to verify the completeness and accuracy of source data.”</b></p> | <p><b>In 2004:</b><br/>The absolute error rate was reduced from 10.2% for the 2003 program to 6.5% for the 2004 program.</p>  | <p>For the 2005 CAIS program, the error rate is expected to be 3.45%, which is close to AAFC’s internal target of 3%.</p> | <p>Additional methods to determine accuracy will be investigated.</p>   |
| <p>Establish and publicize a target for accuracy of payments and report to Parliament on performance.</p>   | <p>An internal target was set.</p>  | <p>An internal target was set and has been monitored carefully. As a result performance improved by 47%.</p>              | <p>An internal target of three per cent has been established and further work will be done on external reporting. The Department will consider how best to report to Parliament and other interested parties on its achievements in meeting payment accuracy targets.</p>     |
| <p>Ensure specific and measurable targets for all performance indicators and produce timely reports to Parliament on meeting those targets.</p> <p><b>The AG acknowledges:</b></p> <p><b>Chapter 4.92 – “We found the Department has developed a results-based management and accountability framework that contains performance indicators for all its BRM programs – including CAIS and established a high-level expected results for those programs.”</b></p>  | <p><b>In 2004:</b><br/>Results Based Management and Accountability Frameworks in place.</p>   | <p>Results Based Management and Accountability Frameworks in place.</p>   | <p>By December, 2007, targets will be developed for each of the measures in the Results Based Management and Accountability Framework and provincial information will be collected. Progress will be reported in the annual departmental performance report to Parliament</p> |

| ISSUE - Governance  | 2004 and 2005  | Beginning in 2006  | For the Future   |
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| Meet the audit and reporting requirements of federal/provincial/territorial agreements. | The Department ensured that all parties were aware of their audit requirements.  | The Department initiated a national compliance audit of the CAIS program.  | Work already on going with provinces will be accelerated to finalize audit parameters and complete audits.       |
| ISSUE - Conflict of Interest  | 2004 and 2005  | Beginning in 2006  | For the Future   |
| Strengthen measures to reduce potential conflicts of interest.                          | Employees were reminded annually of their obligations under the <i>Values and Ethics Code for Public Servants</i> . However, an official program was not in place. | <p>The department has a strong Values and Ethics program in place to inform employees of potential conflict of interest situations. It includes:</p> <p><b>In 2006:</b></p> <p>An office of Values and Ethics with a full time officer, an email address and a 1-800 number was established so that employees have many avenues available for advice on whether they are in a conflict of interest situation</p> <p>A letter was sent to all AAFC staff in December, 2006 reminding them of their obligations under the Values and Ethics Code for Public Servants.</p> <p><b>2007:</b></p> <p>A News@work article was sent to all departmental employees in January, 2007 reminding of their obligations under the code.</p> <p>A formal training program will be delivered across the country. Five training sessions for CAIS employees were held April 23 and 24.</p> <p>A Conflict of Interest web site will be posted for employees.</p> | The department will use the information it has available on a more systematic basis to improve program delivery. |