



FFMC Management Status / Action Report on Special Exam Recommendations – January 31, 2013

Nine of the twelve recommendations raised by the Special Exam have been **successfully completed** and eleven of twelve will be complete by April 30, 2013.

#	ITEM and AUDITOR'S COMMENT	STATUS	ACTIONS TAKEN
1.	<p>Board Profile The current Board profile does not reflect the specific skills and experience required.</p>	✓	<ul style="list-style-type: none"> • The Board has submitted to the Minister a new Board profile policy • A person with a CA designation now acts as a financial advisor to the Board and Audit and Risk Committee
2.	<p>Audit and Risk Committee The Audit and Risk Committee is not in compliance with the <i>Financial Administration Act</i>.</p>	✓	<ul style="list-style-type: none"> • Audit and Risk Committee has been restructured and is now in compliance
3.	<p>Board Conflict of Interest Potential conflicts of interest on the part of Board members are not well managed.</p>	No action	<ul style="list-style-type: none"> • No change possible under current structure
4.	<p>Internal Audits The Corporation does not have internal audits conducted as required by <i>the Act</i>.</p>	✓	<ul style="list-style-type: none"> • KPMG has been retained as internal auditor and an audit plan approved by the Audit and Risk Committee
5.	<p>Plan Approval [The Corporation is] lacking a corporate plan that would be approved by the government and would address the financial issues.</p>	✓	<ul style="list-style-type: none"> • The shareholder has now approved the FY2009/10 and FY2010/11 Plans for one year each • The FY2011/12 Plan is approved for a two-year period
6.	<p>Board Oversight of Risk The Corporation has not put in place a risk management process to provide reasonable assurance that it will achieve its strategic and operational objectives, manage its resources economically and efficiently, and protect its assets.</p>	✓	<ul style="list-style-type: none"> • Management has created an Integrated Risk Management Plan which has been approved by the full Board • The Plan is reviewed quarterly by the Audit and Risk Committee
7.	<p>Replacement of Assets The Corporation's practices for setting prices paid to fishers have not provided for the forecasted amounts of capital reinvestment needed ... the Corporation has not reinvested the necessary capital in its aging production facility to safeguard its assets.</p>	✓	<ul style="list-style-type: none"> • A Long Term Debt and Retained Earnings Policy has been developed with the assistance of Grant Thornton and KPMG • This policy was approved by the Board in Feb 2011 and made effective May 1, 2011 for the 2011/12 fiscal year • Significant capital projects have been undertaken to reduce the risk of service interruptions
8.	<p>Labour Efficiency Currently the Corporation ... is not in a position to determine whether its operations meet reasonable efficiency targets in comparison to the industry. It also has not assessed its own performance over time.</p>	✓	<ul style="list-style-type: none"> • Plant Operating System was installed in 2005-2007 and has been in continuous use, removing more than \$200,000 in annual labour costs

9.	<p>Yield Management Currently the Corporation does not have an effective method of monitoring yield</p>		<ul style="list-style-type: none"> • The existing program has been upgraded to include more spot checks and trend analysis • Lack of reliable data for Freshwater species makes industry benchmarking difficult, but will be done where appropriate • Further improvements will be made as the plant is renovated and new equipment is installed
10.	<p>Contracting and Procurement Policies The Corporation's systems and practices do not ensure that capital assets are procured in an economical and efficient manner. For example, there are insufficient contracting policies for large capital contracts and no established approach to ensure that all significant procurement risks are assessed and managed.</p>	<p>In progress</p>	<ul style="list-style-type: none"> • Policies written • Full implementation by April 30, 2013
11.	<p>Human Resources Strategy The Corporation does not have a human resource strategy for addressing its key challenges.</p>	<p>In progress</p>	<ul style="list-style-type: none"> • The work required to improve HR practices is ongoing but at the time of the audit, had not been written into a comprehensive departmental strategic document • A draft strategic plan document for the HR department has been written • The document will be approved by April 30, 2013
12.	<p>Absenteeism among Plant Workers Corporation does not have a human resource strategy for addressing its key challenges, including the high levels of absenteeism and high employee turnover, which directly affect the day-to-day operations of the plant.</p>		<ul style="list-style-type: none"> • Phase One (gathering data) was active at the time of the Special Examination • Phase Two (identifying and tracking abusers) is complete • Phase Three (removal of abusers) is now in progress • Absenteeism is expected to be higher than normal for the region due to the seasonal nature of the work