

Public Accounts Committee Recommendation:

Recommendation 1: That, within 120 days after the tabling of this report, *the Freshwater Fish Marketing Corporation* provide the House of Commons Standing Committee on Public Accounts with a report on its Board of Directors, including the status of the occupied and vacant Board positions, the competencies of the directors, the changes made to their accountabilities and oversight obligations, and the conflict of interest code for the Board of Directors.

Response from the FFMC to the PACP recommendation

Agreed. The Board of Directors of Freshwater Fish Marketing Corporation has eight available positions. As of December 31, 2017, it consisted of four occupied positions: the Chairperson, the President/CEO, a federal representative (a financial professional who is Chair of the Audit and Risk Committee), and a representative from the Northwest Territories.

In 2017, the Board of Directors of the Corporation engaged in a review of accountability and oversight obligations. The accountabilities and oversight responsibilities of each Director were developed and outlined in the Corporation’s updated Board Profile. Emphasis was placed on ensuring good judgment and independence of Board members when formulating advice and decisions. Specifically, each Director is accountable for the following functions:

- Establishing the Corporation’s strategic direction
 - providing input to management on emerging trends and issues;
 - providing leadership to the development of strategies, objectives and plans; and
 - reviewing and approving the Corporate Plan.

- Safeguarding the Corporation’s resources
 - reviewing and approving the Corporation’s annual operating and capital budgets;
 - ensuring that the principal risks of the Corporation’s business have been identified and that appropriate systems to manage these risks have been implemented;
 - assessing financial results and ensuring integrity of financial reporting, and approving the year-end audited financial statements,
 - ensuring appropriate ethics and values are maintained; and
 - ensuring compliance with the Corporation’s by-laws and policies.

- Monitoring the Corporation’s performance
 - monitoring the Corporation’s performance against the objectives defined in the Corporate Plan, including assessing operating results to evaluate whether the Corporation’s business is being properly managed;
 - ensuring the information provided to the Government of Canada is sufficient to allow an evaluation of the Corporation’s performance;
 - assessing the Board’s own effectiveness in fulfilling its responsibilities, including monitoring the effectiveness of the Chairperson and individual Directors; and
 - setting objectives and performance measures for the Corporation’s President/CEO and assessing the President/CEO’s performance.

Core attributes, competencies, skills and experience required of Directors to achieve the Corporation's objectives and carry out its mandate have been captured in the updated Board Profile and are as follows:

- All Directors must have:
 - integrity;
 - the ability to exercise informed judgment;
 - communication skills;
 - business acumen;
 - commitment to the betterment of the Corporation and the fishing industry;
 - interpersonal skills; and
 - financial literacy.
- A majority of Directors must have:
 - previous board experience; and
 - basic knowledge of corporate governance.
- At least three Directors must have:
 - fishing industry knowledge/experience; and
 - knowledge of Indigenous affairs.
- The Board must have:
 - at least one Director with senior management experience and corporate knowledge;
 - at least one Director with financial expertise;
 - additional Directors with the collective experience in:
 - legal designation/expertise/in-depth knowledge of corporate governance;
 - strategic planning/strategic thinking;
 - public policy; and
 - marketing.

The following primary roles and responsibilities of key Board members provide additional accountability and oversight:

- The Chairperson provides leadership and guidance to the Board in carrying out its collective responsibility to provide direction and guidance to senior management. The Chairperson ensures that the Board conducts its oversight function efficiently and effectively. The Chairperson, in fulfilling his/her duties and responsibilities on the Board, will: conduct meetings of the Board of Directors; ensure that the vision, strategies and plans of management are appropriately presented to the Board and that the latter is kept current on all major developments with sufficient information to enable decision-making; act as liaison between the Board and President/CEO and provide advice to the President/CEO in the achievement and the implementation of Board resolutions; act as a representative of the Corporation with governments and stakeholders; and act as a key liaison between the Minister and the Corporation.
- The President/Chief Executive Officer is accountable for the management of the business activities of the Corporation; provides corporate leadership for the management of the Corporation's resources and assets and for the effectiveness and efficiency of its operations; and oversees the development and approval of strategic plans and resourcing strategies.

	<ul style="list-style-type: none"> • The Chair of the Audit and Risk Committee oversees the financial reporting and disclosure process; monitoring accounting policies and principles; oversight of regulatory compliance and ethics; monitoring of internal controls; and overseeing the internal audit function and discussing risk management policies and practices with management. The Audit and Risk Committee is composed of three members drawn from the Board, one of whom is chosen by the Board to act as the Committee Chairperson. The Chair must hold a professional accounting designation and be experienced in corporate finance. The Audit and Risk Committee provides assistance to the Board of Directors in fulfilling the Board’s oversight responsibility. <p>The Freshwater Fish Marketing Corporation is committed to protecting the integrity of the Board Directors by providing a process for the reporting and resolution of conflicts of interest, should they arise. In 2017, the Conflict of Interest Policy for Board Directors and senior management was enhanced. Every Director must sign a declaration and is responsible for taking such action as is necessary to prevent real, potential or apparent conflicts of interest. Additionally, part-time holders of public office are subject to certain sections of the <i>Conflict of Interest Act</i>, Part X of the <i>Financial Administration Act</i>, Ethical Guidelines for Public Office Holders and Political Activity Guidelines for Public Office Holders.</p> <p>The Board is working with the Minister of Fisheries, Oceans and the Canadian Coast Guard to address vacancies and ensure continued service to Canadians.</p>
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Public Accounts Committee Recommendation:	
<p>Recommendation 2: That, within 120 days after the tabling of this report, the <i>Freshwater Fish Marketing Corporation</i> provide the House of Commons Standing Committee on Public Accounts with a report on the improvements made to ensure the Corporation retains and analyzes all available information in order to make sound decisions regarding risk management and strategic planning.</p>	
Response from the FFMC to the PACP recommendation	<p>Agreed. In the spring 2017, Special Examination Report of <i>Freshwater Fish Marketing Corporation</i> by the Auditor General of Canada, the Corporation agreed that it had not formally reviewed its risk register and strategic plan since late 2014. Accordingly, the Corporation recommitted to identifying its most significant risks and reviewing its strategic plan.</p> <p>In January 2017, a strategic planning workshop attended by Board Directors and senior management was facilitated by a third party consultant using best practice methodology in corporate planning. The process reviewed risks to the Corporation, changes in the business environment and other strengths, weaknesses, opportunities and threats facing the Corporation. The outcome of the workshop identified the Corporation’s key strategies, formulated prioritized initiatives, and developed key performance indicators (KPIs) to measure performance against the strategies.</p>

	<p>Risks were prioritized through a formal risk assessment workshop conducted in conjunction with the strategic planning session. Risks were measured and assessed in relation to the Corporation’s strategies. The results of the risk assessment workshop identified the degree to which the risks have the potential to impact the Corporation’s mandate and strategic initiatives and the likelihood of occurrence. The risk assessment also identified control activities and their effectiveness to mitigate the risks.</p> <p>To ensure controls are effective in managing the key risks facing the Corporation, an internal audit plan was developed based on leading practices and facilitated through a third party consultant skilled in internal audit planning and methodology. The internal audit plan was approved by the Corporation’s Audit and Risk Committee in November 2017. The results of internal audits and progress against the internal audit plan are presented to the Audit and Risk Committee on a quarterly basis.</p> <p>Risk management was re-established as a standing agenda item of the Corporation’s Audit and Risk Committee meeting. Risks are re-examined as new events or new information becomes available to help ensure that activities continue to be focused on the areas of most relevance to the Corporation.</p> <p>The Corporation’s overall strategy, strategic initiatives, risk management strategy and KPIs were all included in the FY2017/18 to 2021/22 Corporate Plan that was submitted to the Government of Canada in April 2017.</p> <p>A strategy session and risk management review with Board Directors and senior management was held in November 2017 in preparation for the FY2018/19 to 2022/23 Corporate Plan scheduled for submission to the Government of Canada in 2018.</p>
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Public Accounts Committee Recommendation:	
<p>Recommendation 3: That, within 120 days after the publication of its 2016–2017 to 2020–2021 Corporate Plan, the <i>Freshwater Fish Marketing Corporation</i> provide the House of Commons Standing Committee on Public Accounts with a progress report on the improvements made by the Corporation to its operational and capital plans and to the communication of these plans to its employees.</p>	
<p>Response from the FFMC to the PACP recommendation</p>	<p>Agreed. The Corporation’s strategic planning process includes the establishment of operational plans with corresponding key performance indicators (KPIs) to measure performance effectiveness and are included in the Corporate Plans submitted annually to the Government of Canada.</p> <p>The Corporation’s long-term KPIs are:</p> <ul style="list-style-type: none"> • profit before final payment and income tax; • % return to fishers; • retained earnings; • expense reduction; • gross and net sales revenue; • direct labour efficiency; • operational costs per kilogram; • initial payments to fishers; • fish delivery volume; • workers’ compensation claims and cost; • plant employee absenteeism; and • inventory.

	<p>Beginning in September 2016, the Corporation re-established operational reviews on a weekly schedule with senior management focusing on operational KPIs that include fish deliveries, material yield, labour efficiency, accident frequency, absenteeism and overtime levels. Progress against the Corporation's strategic initiatives are also reviewed weekly with appropriate follow-up action to meet the objectives of the Corporation's strategic plan. Comprehensive monthly performance reviews with senior management and quarterly performance reviews with the Board of Directors are conducted that focus on financial performance, species performance, field operations/fish deliveries, marketing performance, processing/plant operations and human resources.</p> <p>The Corporation's strategic planning process includes a review of the capital requirements needed to meet strategic objectives. The long-term capital plan was reviewed, updated and included in the Corporation's Corporate Plan and submitted to the Government of Canada.</p> <p>The Corporation's Salaried Performance Development System (PDS) and Pay at Risk (PAR) program are human resources tools designed to manage an employee's performance and development, and are utilized to measure ability to meet competency requirements, annual KPI's and strategic objectives. They are designed to be constructive and meaningful tools contributing to both the Corporation's and the employee's success. KPIs and strategic initiatives approved by the Board of Directors identified in the Corporate Plan are cascaded from the Board through senior management to all salaried employees. All salaried employees understand that their performance and remuneration are evaluated based on this process.</p> <p>To communicate and provide status of the Corporation's plans to all employees, including those represented by bargaining units, quarterly all-employee meetings are held by the President/CEO to review performance against strategic objectives and KPIs. In 2017, all-employee reviews were held after each fiscal quarter.</p>
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Public Accounts Committee Recommendation:	
<p>Recommendation 4: That, within 120 days after the tabling of this report, the <i>Freshwater Fish Marketing Corporation</i> provide the House of Commons Standing Committee on Public Accounts with a report on the new policies and procedures it has implemented, including the process for monitoring compliance with these policies and procedures, and the compulsory and optional training offered to its employees.</p>	
<p>Response from the FFMC to the PACP recommendation</p>	<p>Agreed. In 2017 the Corporation reviewed its existing policies and procedures and updated existing policies where gaps existed or added new policies where required based on the recommendations in the Special Examination Report of <i>The Freshwater Fish Marketing Corporation</i>, Spring, 2017. The following are the key relevant policies that have been updated or added:</p> <ul style="list-style-type: none"> • Salaried Employees' Code of Conduct; • Confidentiality; • Staffing; • Workplace Violence Prevention & Respectful Workplace; • Salaried Employees' Hours of Work; • Procurement of Goods, Services and Fish; • Attendance;

- Travel, Hospitality, Conference and Event;
- Board of Directors and Executive Management Conflict of Interest;
- Delegation of Authority;
- Salaried Employees Sick Leave;
- Salaried Employees Vacation;
- Salaried Employees' Conflict of Interest;
- Substance Abuse; and
- Computer Usage.

As of December 31, 2017, all policies except the Salaried Employees Hours of Work and the Attendance Policy have been communicated to the Corporation's employees. Information and training sessions, employee meetings or employee orientations (for new employees) were used to ensure full disclosure of these policies. Employees have acknowledged their understanding of and compliance with each policy.

All common policies and procedures are accessible on the Corporation's computer network and any breach of a policy will be dealt with promptly and according to the procedures set out in the relevant policy.

All policies will be reviewed with employees annually and will be reviewed by the Corporation bi-annually to ensure they are current and in line with changes that may affect the organization and/or relevant legislation, as applicable. Any significant changes will be incorporated and communicated to employees to ensure understanding and compliance.

The Corporation is obligated to train its employees in accordance with regulatory and safety requirements through a comprehensive Occupational Health and Safety (OHS) program coordinated by the Corporation's Health and Safety Manager. Key components of the training for most employees are:

- Management Leadership and Organizational Commitment;
- Hazard Identification and Assessment;
- Hazard Control;
- Ongoing Inspection Programs;
- Returning to Work;
- Emergency Response Program; and
- Safe Work Procedure.

A training matrix is monitored by the Corporation to ensure all employees are trained and compliant with the regulations in the policies.