

Alberta Capital Finance Authority Roles and Mandate Document

This Roles and Mandate Document (“RMD”) for Alberta Capital Finance Authority (ACFA) has been developed collaboratively between the President of Treasury Board and Minister of Finance (the “Minister”) and ACFA to reflect a common understanding of their respective roles and responsibilities.

ACFA MANDATE

The legislative mandate of ACFA, as established in the *Alberta Capital Finance Authority Act* (the “ACFA Act”) is: a) to provide local authorities that are its shareholders with financing for capital projects; b) to act as a financial agent for a local authority that is a shareholder in negotiating loans for the local authorities; c) manage its liabilities and its financial and business affairs in such a manner so as to enhance the Corporation’s ability to effectively carry out its activities in an adequately secured, economical and efficient manner and; d) to provide any other financial services authorized by the Lieutenant Governor in Council (LGIC).

In fulfilling this mandate, the government expects ACFA to:

- provide local authorities within Alberta with the best possible service and flexible funding for capital projects at a reasonable cost, consistent with the viability of ACFA;
- maintain the lowest administrative and new loan costs compared to similar organizations in Canada;
- identify and mitigate risks facing ACFA;
- make credit and business decisions in a sound commercial fashion;
- make day-to-day operations and management decisions within the framework of ACFA’s incorporating legislation, the *Financial Administration Act*, and the strategic framework set by the business plan and this Document; and
- conduct itself in accordance with legal and statutory provisions applying to provincial corporations. ACFA is also to conduct itself in accordance with those policies of general application to agencies, boards and commissions specified by the Minister, and with management principles and values adopted by the government. The values deal with:
 - Integrity;
 - Respect;
 - Excellence; and
 - Accountability.

Applicable Legislation and Regulations

ACFA is a provincial corporation established under the *Alberta Capital Finance Authority Act* and its mandate and powers are set out in the Act and Regulations.

- a. In addition to the *ACFA Act* and Regulations, ACFA functions within the legal framework established by such statutes of general application as the *Freedom of Information and Protection of Privacy Act*, *Financial Administration Act* and *Government Accountability Act*.
- b. All documents and reports provided to the Minister become the property of the Minister and are subject to the protection and disclosure provisions of the *Freedom of Information and Protection of Privacy Act*. Under the Act, the Minister is required to protect certain third party business and personal information and will consult with ACFA, as necessary, to determine if those provisions apply.

DUTIES AND RESPONSIBILITIES

The government is responsible for the legislative, regulatory and policy frameworks in which ACFA operates.

1. The Minister

The Minister is accountable to the Legislature for ACFA. The Minister reports to the Legislature on the affairs of ACFA and answers questions about ACFA. To assist ACFA in fulfilling its mandate, the Minister will:

- a. Recommend to Cabinet the appointment, reappointment or revoking of appointment to ACFA's board of directors (Board) for those directors appointed by LGIC;
- b. Appoint the Chair and Vice-Chair;
- c. Inform ACFA of the government's policy expectations;
- d. Consult with Chair of ACFA, as appropriate, when significant new strategic directions directly impact the mandate of ACFA, or when initiatives are taken to amend any legislation which may affect the operations of ACFA;
- e. Communicate government policies affecting provincial corporations to ACFA;
- f. Review business plans in the context of public policy objectives and consistency with ACFA's mandate and government expectations;
- g. Review annual reports in the context of whether ACFA has provided information on its achievements relative to the strategies and objectives set out in its business plan;
- h. Monitor the activities of ACFA with respect to its mandate and compliance with all relevant government policies, *Alberta Capital Finance Authority Act* and Regulations, *Financial Administration Act* and the *Government Accountability Act* and take appropriate action, if necessary;
- i. Ensure that there is proper reporting of ACFA's activities to government, including reporting annually to the Legislature on the affairs of ACFA, tabling annual reports and answering questions relating to ACFA; and
- j. Pursuant to section 81 of the *Financial Administration Act* acting as agent for ACFA for its borrowing.

The Deputy Minister

The Deputy Minister supports and acts under the general direction of the Minister. The Deputy Minister is responsible for the following activities:

- Acting as an appointed director;
- Maintaining the legislative framework; and
- Addressing strategic and business/fiscal planning issues in terms of both content and timelines.

The Department of Finance (“Department”)

In order to meet the responsibilities delegated to ACFA, the government and the Department are responsible for supporting ACFA in the following areas.

1. Maintaining the legislative framework

- Recommend changes to legislation and regulations including:
 - Monitoring the specific and general social/economic environment for significant developments that may affect ACFA;
 - Consulting with ACFA and other stakeholders affected by decisions of ACFA, and as appropriate, gathering the views of Albertans and the Legislature;
 - Managing the processes leading to legislation and regulations; and
 - Increasing or decreasing the borrowing cap as required.
- Provide advice to address such legislative issues as ACFA governance, performance monitoring, compliance, etc. by:
 - Assisting in the appointment of appointed board members including
 - Proposing selection criteria in consultation with ACFA,
 - Addressing statutory and Cabinet requirements, and
 - Recommending potential candidates;
 - Providing advice and support to assist the Minister to account to the Legislature for the actions and performance of ACFA; and
 - Assisting in ensuring that ACFA complies with legislation including taking appropriate action for non-compliance.

2. Addressing strategic and business/fiscal planning issues in terms of both content and timelines

- Assist the Minister in setting the mandate, strategic direction and performance expectations for ACFA by:
 - Monitoring specific and general environment affecting ACFA by analyzing sectoral trends and benchmarking;

- Ensuring ACFA's strategic and business plans are linked to the government's business plan.
- Monitor achievement of objectives and performance expectations and propose remedial action where necessary.

3. *Keeping stakeholders informed*

- Keep ACFA informed of other government expectations, strategic directions, legislative changes and specific government policy matters that could affect them directly or indirectly.
- Assist the Minister in keeping Cabinet, the Legislature and Albertans informed of significant positive and adverse events.

ACFA Board

The ACFA Board of Directors (Board) is responsible for the governance of ACFA and overseeing the management of ACFA's business and affairs. The Board guides ACFA's strategic direction, evaluates the performance of ACFA's President, approves and monitors ACFA's business plan, operational plan and financial results and is ultimately accountable to the Minister and shareholders. Board members must act honestly and in good faith.

The Board is responsible for:

- establishing appropriate governance processes to assist in fulfilling its mandate-
- ensuring that in relation to any legal issues, ACFA must:
 - Avoid taking positions contrary to the interests or policy of the Crown;
 - Avoid duplicating costs;
 - Avoid immunity being claimed contrary to the policy or interest of the Crown; and
 - Minimize adverse impacts on the Crown.
- reporting to the Minister as soon as practicable on the following matters as they relate to ACFA:
 - Constitutional and charter of rights arguments that arise in cases before the courts; and
 - Major or sensitive cases before the courts or those involving major liabilities.
- ensuring that all board members comply with ACFA's Code of Conduct and Ethics Policy;
- developing the position description, approving the hiring, termination and annual remuneration, or change thereto, for the President;
- evaluating, at least annually, the effectiveness of the President in managing the operations of ACFA and the risks to which ACFA is exposed;
- establishing such committees as it deems necessary to carry out its duties and ensuring that a written Terms of Reference for each committee is reviewed and approved annually. The Board has established the following committees:

- Audit Committee; and
- Asset Liability Committee
- ensuring that adequate plans are in place for management development and succession, and conducts an annual review of such plans;
- monitoring the financial performance of ACFA, ensuring that, with the advice of the external auditors, the financial results are reported on a timely and regular basis and in accordance with any legislated requirements and the Canadian Generally Accepted Accounting Principles (GAAP) as recommended by the Canadian Public Sector Accounting Standards;
- ensuring that all material developments, and significant emergent issues of ACFA, are disclosed to the Minister on a timely basis;
- overseeing compliance with all relevant policies, procedures and standards by which ACFA operates and requiring that ACFA operates at all times in compliance with all applicable laws and regulations;
- approving all matters which require Board approval as prescribed by *Alberta Capital Finance Authority Act* and regulations. The Board ensures that such matters are brought to the attention of the Minister if necessary;
- providing an orientation to new board members of the particular practices of ACFA, including its governance practices;
- providing ongoing training and development opportunities for board members;
- ensuring that the Board, through a process led by the Chair, conducts an annual evaluation and review of the performance of the Board, its committees, the Chair and individual board members. The Board reviews the results of the evaluations and discusses opportunities to improve Board effectiveness. Individual board member evaluations are used to identify opportunities to improve the individual board member's competence and to inform the re-appointment process;
- preparing and providing to the Minister, a Business Plan and Annual Report for each fiscal year in the form and at a time acceptable to the Minister;
- addressing how ACFA interacts with the shareholders and interested parties, and establishing policies that clearly identify roles and responsibilities in the area of communication with the above;
- communicating with the Minister and the Department on items of mutual concern; and
- engaging in a strategic planning process which includes the consideration of the principal risks associated with ACFA's business. The management of these risks is assigned to the President and the status is periodically reviewed by the Board.

Board Chair

With direction from the Board, the Chair represents the Board and its interests, as well as the interests of ACFA, in dealing with the Minister, the Department, the President, stakeholders and the community. The Chair is responsible for providing leadership for the Board and for effectively facilitating the work of the Board.

The Chair is responsible for:

- planning and managing Board meetings;
- providing the Minister with updates on ACFA's activities and informing the Minister regarding emergent issues;
- ensuring that the Board, and its committees, have opportunities to meet independent of management; and
- ensuring that the Board carries out its work.

The President

The President is responsible for leading staff, developing recommendations for and implementing ACFA's strategy and reporting to the Board. The President's job description would address specific responsibilities regarding activities such as:

- the day-to-day management of ACFA;
- delivery of programs and services within the standards and policies of ACFA and the government;
- establishing appropriate systems for the general administration and financial management and control of ACFA;
- monitoring performance and taking corrective action when problems are identified;
- ensuring the proper management of ACFA's risk in providing services and care of ACFA's assets;
- providing support to the Board to allow it to carry out its governance responsibilities;
- working with the Board to prepare an annual Business Plan and Annual Report in accordance with the guidelines provided by the government;
- maintaining effective communications with the Board Chair, senior staff in the Ministry, other Ministries as required, stakeholders and other business partners; and
- operating within the mandate, policies, standards and budget approved by the Board and the government.

RECRUITMENT AND APPOINTMENT OF DIRECTORS

- Board members are either elected by the shareholders or appointed by the government and collectively constitute the Board.
- The Board and the Department will identify a competency matrix for the Board as a whole and an inventory of the values and competencies of individual members. Values will include respect, integrity, excellence and accountability. Competencies will include strong listening and communication skills, skills in developing consensus and an understanding of wise stewardship of resources.

- When a vacancy occurs, the Board will identify the competencies that need to be replaced and will provide that profile to the individual/team responsible for leading the recruitment process.
- A public posting of all appointed Board member vacancies (which includes the required competencies) will be the responsibility of the Department.
- Applications will be reviewed by the Department.
- The interview panel will consist of representatives from the Board, the Department and an independent third party.
- As four members are elected by shareholders, a complementary matrix for ACFA directors will be posted on the ACFA website and communicated to those classes of shareholders who are electing their representative.
- Candidates (appointed by the LGIC) will be assessed on the basis of the applicable competencies and values identified by the Board and approved by the Minister.
- Conflict of interest and other screening shall be completed before a list of suitable candidates (appointed by the LGIC) is prepared for submission to the Minister.
- The Minister will recommend, through a Recommendation for Order in Council (ROC), to the Lieutenant Governor in Council a replacement to the Board from the short list provided.
- The results of the recruitment process will be posted publicly on ACFA's website.
- Appointment is for a fixed term of up to three (3) years, with the potential for reappointment, based on satisfactory performance, to a maximum of nine (9) years of continuous service.

CODE OF CONDUCT

- ACFA maintains a Code of Conduct and Ethics which sets out the principles and standards that guide the actions of the ACFA Board. Employees are subject to the Alberta Government Employee Code of Conduct.
- Board has overall responsibility for the effectiveness of the Board's Code of Conduct and Ethics.
- A copy of the Code of Conduct and Ethics for employees and the Board of Directors shall be made available to the public through ACFA's website.

INTERACTION BETWEEN ACFA AND DEPARTMENT

- ACFA and the Minister expect ongoing communication, collaboration and consultation with each other including regular meetings between the Department and ACFA management to obtain briefings on a) ACFA's activities, results of operations, compliance with regulations, and emerging strategic decisions directly impacting the mandate of ACFA and b) initiatives planned to amend any legislation, regulation, or Guidelines which may affect the operations of ACFA.

FINANCIAL, STAFFING AND ADMINISTRATIVE ARRANGEMENTS

- ACFA determines its own financial and administrative arrangements in accordance with its Business Plan objectives and prepares an annual budget.

ADMINISTRATION

Review of the Roles and Mandate Document

The Roles and Mandate document must be affirmed annually by the Minister and the Board Chair, or on a change in either the Minister or Board Chair.

The Roles and Mandate document shall be in effect for not more than three years. It must be renewed or revised by the expiry date.

Transparency

Copies of the Roles and Mandate document will be submitted to the Minister of Finance, ACFA and the Agency Governance Secretariat. In support of the principle of transparency, this document will also be easily available to the public on ACFA's website.

Periodic Mandate Review

A review of ACFA's mandate will be carried out by the Department at least once every seven years to determine if the work of ACFA is still relevant to the needs of Albertans, and being carried out in a manner that supports government objectives.

Original signed by _____
Board Chair
Alberta Capital Finance Authority

Original signed by _____
President of Treasury Board
and Minister of Finance

June 26, 2013
Date:

July 16, 2013
Date: