MEMORANDUM OF UNDERSTANDING

BETWEEN

THE MINISTER OF __________

(the “MINISTER”)

and

“ _______”

BACKGROUND AND PURPOSE

This Memorandum of Understanding (MOU) has been developed collaboratively between the Minister of __________ and the Agency and is intended to satisfy the requirements of a Mandate and Roles Document, required under the Public Agencies Governance Framework.

The purpose of this MOU is to:

a) set out the Minister’s and Board’s expectations regarding the roles, responsibilities, duties, functions, standards of care, policy direction and performance expectations for __________;

b) set out the accountability relationship between the Minister and __________; and

c) enhance communication through the exchange of information and clarification of public policy objectives.

This MOU does not and is not intended to affect the legal rights and obligations of __________ or its directors under statute or common law to the Minister or any other party.

1. TERM AND AMENDMENTS

1.1 This MOU takes effect on the date of execution and shall remain in force as it may be amended from time to time.
1.2 This MOU can be amended by mutual consent at any time at the request of the Minister or the Chair (the “Chair”) of _______ board of directors (the “Board”).

1.3 Any amendment of this MOU shall be made in writing and signed by the Minister and the Chair or their authorized designates.

1.4 The Minister and the Chair agree to undertake an annual review of this MOU in conjunction with the annual business planning process.

2. LEGISLATIVE AUTHORITY

2.1 _________ is incorporated by and its legislative mandate and powers are set out in the ________________________________ Act (the “_____ Act”) and regulation. _________ is a statutory agent of the Province of Alberta (the “Province”).

2.2 _________ is a Provincial corporation as defined under the Financial Administration Act (the “FAA”).

2.3 In addition to the _________ Act and the related regulation, _______ functions within the legal framework established by Alberta statutes of general application to Provincial corporations, including but not limited to the FAA, the Government Accountability Act, the Fiscal Responsibility Act, the Auditor General Act and the Freedom of Information and Protection of Privacy Act (the “FOIP Act”).

2.4 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 FOIP Act. Under this Act, the Minister is required to protect certain third party business information and personal information and will consult with _______, as necessary, to determine if those provisions apply.

2.5 The meaning of the terms used in this MOU will be interpreted as being defined in accordance with the ________ Act and the regulations.

3. _________ MANDATE AND MINISTER’S EXPECTATIONS

3.1 The mandate of _________ is to provide __________________ services to ______ in accordance with the _____ Act.

3.2 The Minister’s general expectations of _____ in fulfilling its legislative mandate are as follows:
3.2.1 _______ will provide high quality services in a cost effective manner.
3.2.2 _______ will have a strong client service focus.
3.2.3 _______’s directors and officers, in exercising their powers and performing their duties, shall act honestly and in good faith with a view to the best interests of ______ as agent of the Province and shall exercise the care, diligence and skill that a reasonable and prudent person would exercise in comparable circumstances.
3.2.4 In considering whether a particular course of action is in the best interests of ______ as agent of the Province, the Board and officers of ______ shall always have due regard to the interests of the Province and the persons provided with services.
3.2.5 _______ will adhere to statutory and regulatory frameworks, be accountable to the Province, follow this MOU and government policies applicable to agencies and operate within the context of sound business practices.
3.2.6 _______ will establish and maintain an appropriate and effective service delivery framework and inform the Minister regarding ______’s approach to risk management.

3.3 The framework the Minister and _______ will use in assessing whether _______’s mandate is being fulfilled will include performance results, cost effectiveness measures, client satisfaction surveys, audit reports, and this MOU, including all accountability documents detailed in section 6 of this MOU, and anything else the Minister deems necessary.

4. REPORTING RELATIONSHIP

4.1 _______ is the agent of the Province and _______’s primary duty and reporting obligation is to the Minister. _______ reports to the Minister through the Chair.

5. ROLES AND RESPONSIBILITIES

5.1 Minister

To enable _____________ to fulfill its mandate, the Minister shall:

5.1.1 Recommend to Cabinet the appointment and remuneration of _______’s Board. The Minister recommends the appointment of the Board Members and the Chair based on her/his assessment that the appointees have the appropriate knowledge, skills,
5.1.2 Monitor and report to Cabinet on _______ operations.

5.1.3 Report to the Legislature with respect to the affairs of _______, including the tabling of business plans and annual reports.

5.1.4 Consult with the Chair, as appropriate, when significant new strategic directions impact the mandate of ________ or when initiatives are undertaken to amend any legislation, regulations or policies which may affect the operations of ________.

5.1.5 Review and respond to matters that require the approval of the Minister in the _______ Act, regulations and this MOU.

5.1.6 Evaluate the corporate governance practices of ________’s Board including assessing the effectiveness of the Board.

5.1.7 Monitor compliance of _______ with the _______ Act, the regulations, this MOU, and other applicable Alberta and federal statutes.

5.1.8 Approve ________’s strategic plan, three year business plan and budget consistent with ________’s mandate and government expectations.

5.1.9 Make best efforts to consult with and consider the advice of the Chair or the Board before policies specifically impacting the agency are established.

5.2 Chair of _____________

To enable _______ to fulfill its mandate, the Chair shall:

5.2.1 Keep the Minister apprised of ______ issues or events that concern or can reasonably be expected to concern the Minister and ensure that the Minister is provided with timely, relevant, accurate and complete reports, as set out in this MOU including the accountability documents in section 6 of this MOU that will enable the Minister to assess whether _______ is fulfilling its mandate and to enable him or her to carry out his or her responsibilities.

5.2.2 Identify and request the resources the Board requires to fulfill its responsibilities.

5.2.3 Provide leadership to the Board and assist the Board in reviewing and monitoring the implementation of the strategies and policies of ________.

5.2.4 Ensure the Board discharges its independent oversight of management.

5.2.5 Build consensus, foster effectiveness and develop teamwork within the Board.

5.2.6 Ensure the Board is alert to its obligations to _______, the Minister, and ________’s other stakeholders and employees.
5.2.7 Communicate with the Board to keep it up-to-date on developments, including timely discussion of potential developments that affect or would reasonably be expected to have an effect on ______________ in fulfilling its mandate.

5.3 Directors of ______________

It is the responsibility of the Board, including committees of the Board, acting individually and collectively, to manage or supervise the management of the business and affairs of _______________. To enable ______ to fulfill its mandate, the Board shall:

5.3.1 Adopt corporate governance practices in keeping with the nature, scope, complexity and risk profile of _______, including:

5.3.1.1 Establishing, in consultation with the Minister, clear terms of reference for the Chair and the Board.

5.3.1.2 Ensuring new directors have adequate orientation and training to understand _______'s formal governance structure, the terms of reference for the Board, rules around conflicts of interest for Board members, the budget process established for ______ and its interaction with the Government budget process, a review of significant documents and their implication (for example, relevant legislation, this MOU and the ______ business plan), and any other matters necessary to effectively fulfill their responsibilities.

5.3.1.3 Establishing a succession plan based on the identification of competencies required to ensure the successful undertaking of the Board’s work.

5.3.1.4 Establishing appropriate committees of the Board, including an Audit Committee, with clear terms of reference to facilitate efficient operation of the Board.

5.3.1.5 Establishing standards of conduct and ethical behaviour for the Board, and all ______ employees, and obtaining, on a regular basis, reasonable assurance that ______ has an ongoing, appropriate and effective process for ensuring adherence to those standards.

5.3.1.6 In accordance with section _____ of the ______ Act, recommending for approval of the Minister the ______ bylaws or any proposed amendment of the bylaws.

5.3.1.7 Creating and maintaining a Board Governance Handbook describing _______'s governance practices and structures.

5.3.1.8 Evaluating objectively, on an annual basis, the Board’s effectiveness in fulfilling its responsibilities and report
annually to the Minister the results of this evaluation, including compliance with and any changes to the Board Governance Handbook or the terms of reference for the Chair or the Board.

5.3.1.9 Ensuring that the Board, through a process led by the Chair (or delegated committee), conducts an annual evaluation and review of the performance of the Board, its committees, the Chair of the Board and individual Directors. The Board reviews the results of the evaluations and discusses opportunities to improve Board effectiveness.

5.3.2 Exercise independent judgment in directing and overseeing the operations of _________ within the mandate determined by the _________ Act, the regulations, this MOU and _________’s three year business plan and ensuring compliance with all relevant government policies and all legal and regulatory requirements. These responsibilities include:

5.3.2.1 Understanding any significant risks to which _________ is exposed and obtaining assurance, on a regular basis, that _________ has an ongoing, appropriate and effective risk management process and policies.

5.3.2.2 Ensuring that effective internal controls and reporting systems that are satisfactory to the Minister are in place, and that reports of such controls and systems are provided to the Minister in a manner that is satisfactory to the Minister.

5.3.2.3 Ensuring that the Board has open communication with the Auditor General.

5.3.2.4 Establishing policies necessary for the reasonable and prudent operations of _________, including policies on governance, risk management, conflicts of interest, employee conduct, privacy and confidentiality of information, handling of client queries, complaints or other communication and providing oversight on the implementation of these policies.

5.3.2.5 Establishing the responsibilities and authority of the Chief Executive Officer (the “CEO”) as well as holding the CEO accountable for his or her performance. Responsibilities of the CEO are to include, under the direction of the Chair, regular frequent meetings with the Deputy Minister or Assistant Deputy Minister, _________ regarding major developments and progress in achieving _________ objectives.
5.3.2.6 Providing the Minister with prior notice of the identity of any new CEO, including the terms of engagement, and complying with applicable regulations concerning remuneration of CEOs.

5.3.2.7 Evaluating, at least annually, the performance of the CEO and providing copies of the evaluation report and any related information to the Minister to support any proposed changes in the CEO’s compensation.

5.3.2.8 Ensuring that internal and external communication plans are in place for _______ and that the Board and _______ communicate effectively with its stakeholders in order to maintain positive relationships with the stakeholders.

5.3.2.9 Ensuring that _______ conducts periodic satisfaction surveys of its clients.

5.3.2.10 Approving any agreement or commitment which _______ proposes to enter into and under which _______ would incur significant liability or assume a significant commitment.

5.3.2.11 Assessing from time to time whether _______’s business model and structure continues to adequately meet the needs of _______’s clients.

5.3.3 Undertake the following other responsibilities of the Board:

5.3.3.1 Reviewing and recommending for approval by the Minister, _______’s strategic plans, three year business plans and budget requests which should include the components referred to in section 6.1 of this MOU and updating the plans and budgets annually.

5.3.3.2 Reviewing and recommending for approval by the Minister, _______’s annual report which should include components referred to in section 6.2 of this MOU.

6. ACCOUNTABILITY DOCUMENTS

All documents and reports described in this section 6 of the MOU are to be provided to the Minister in a timely manner. With respect to the documents described in sections 6.1, 6.2 and 6.3, the Minister may specify the content and format of such documents and the timeframe by which they are to be provided to the Minister or the Minister’s representatives. The following accountability documents are to allow the Minister and other stakeholders to make an assessment about how efficient and effective _______ is in exercising its mandate:
6.1 Business Plan

The business plans should include the following components (subject to change based on instructions from the Minister):

6.1.1 Vision
6.1.2 Mission
6.1.3 Strategic Priorities
6.1.4 Goals
6.1.5 Key Strategies
6.1.6 Links to Alberta ____________ Business Plan
6.1.7 Financial information/projection: fiscal year and two subsequent years
6.1.8 Performance Measures
6.1.9 Risk Analysis

6.2 Annual Reports

The annual report of ______ should include the following components (subject to change based on instructions from the Minister):

6.2.1 Audited financial statements.
6.2.2 A statement on the extent to which ______ has met the objectives of its business plan for the fiscal year.
6.2.3 Management discussion and analysis of fiscal year results.
6.2.4 Such other information as is required by the Minister, Cabinet or Treasury Board.

6.3 Quarterly reports

The quarterly reports of ______ should include the following components (subject to change based on instructions from the Minister):

6.3.1 Financial results for the quarter and an updated annual forecast, including an analysis of any significant variances from the budget for ________.
6.3.2 Management discussion and analysis of quarterly results.

6.4 Other reports

6.4.1 Copies of all corporate governance reviews performed by or on behalf of the Board. [These corporate governance reviews may include the Board’s assessment of the Chair.]
6.4.2 All internal audit and compliance reports prepared for ________’s Audit Committee.
6.4.3 Quarterly reports of client investment performance compared to benchmarks.
6.4.4 The results of annual client satisfaction surveys conducted by ________.
6.4.5 The results of cost effectiveness assessments or surveys of ________ and its peers.
6.4.6 Other information and reports as may be requested by the Minister from time to time.

7. LEGAL AND REGULATORY MATTERS

7.1 ________ shall, in a timely manner, notify the Minister and Alberta ________ regarding any:

7.1.1 Legal actions brought against ________.
7.1.2 Legal actions commenced by ________ against third parties, excluding participation in routine lawsuits.
7.1.3 Other pending or threatened actions or proceedings against ________ before or by any court, government department, agency, board or commission in Canada or elsewhere.

7.2 ________ shall not commence any actions or proceedings before any court, government department, agency, board or commission in Canada or elsewhere without the prior approval of the Minister or the Minister’s representatives, other than actions or proceedings in ________'s normal and usual course of business.

8. ADMINISTRATION OF MOU

8.1 The contacts for administering this MOU are:

8.1.1 The Deputy Minister as the designate of the Minister of ________.
8.1.2 The CEO of ________ as the designate of the Chair.

8.2 Notices under this MOU shall be in writing and shall be addressed as follows:

8.2.1 To the Minister:

8.2.2 To ________________:
9. APPENDICES

The following documents will be appended to this MOU: (nil)

We, the undersigned, hereby agree to the terms and conditions described in this MOU and commit to ensuring that the intent of this MOU is carried out.

__________________________  _________________
Honourable __________       Chair, ____ Board of Directors
Minister of __________      

Dated this __________ day of ________________, 20____.