

Crown Agency Start-Up

A GOOD PRACTICES CHECKLIST



Crown Agencies Secretariat • Board Resourcing and Development Office



Canada's
Pacific Gateway



Introduction

Crown Agency Start-Up – A Good Practices Checklist is one of a series of guides developed by the Crown Agencies Secretariat (CAS) and the Board Resourcing and Development Office (BRDO) to support strong corporate governance and accountability in BC Crown Agencies. The Checklist incorporates good practices used in the public and private sectors, and is intended to provide guidance for British Columbia’s Commercial and Service Delivery Crown Corporations.

Where information provided here is not consistent with legislation, including the enabling legislation for a particular Crown Agency, the legislation prevails.



Table of Contents

Cabinet Submission	4
Enabling Legislation/Articles of Incorporation	6
Appointment of Board Members	7
Corporate Governance Structure	8
Appointment of Crown Agency Staff and Establishment of Human Resources Regime	9
Operational Structure	10
Accountability Structure	11

Cabinet Submission

- ▶ A Cabinet Submission is prepared by the ministry proposing the new Crown Agency, including a business case containing the following components:
 - Business rationale for establishing the Crown Agency;
 - Proposed mandate;
 - Assessment of the applicability of different types of Crown Agencies (Commercial Crown Corporation, Service Delivery Crown Corporation, Tribunal, Advisory Board) and the rationale for the recommended type;
 - Identification of the funding mechanism, including any impacts on the Fiscal Plan;
 - Identification of which regulations and legislation will apply to the proposed Crown Agency;
 - Identification and proposed mitigation strategies of the Crown Agency's start-up risks and liabilities; and,
 - Proposed financial and administrative arrangements for the Crown Agency (e.g. organizational structure; accounting policies; financial policies and authorities; external auditors; banking arrangements, risk management and legal services, insurance, and benefit plans).
- ▶ The Crown Agencies Secretariat, Office of the Comptroller General, Treasury Board Staff, Provincial Treasury (including Risk Management Branch), Ministry of Attorney General, Board Resourcing and Development Office, and Public Sector Employers' Council Secretariat, are consulted on the business case and draft submission.

- Cabinet and Treasury Board approve the new Crown Agency, and Cabinet appoints a Minister Responsible.
- An initial Shareholder's Letter of Expectations is drafted by the Ministry Responsible, and the Minister Responsible submits the SLE for approval by Cabinet (this can happen in conjunction with the Cabinet Submission, or subsequent to Cabinet approval of the new Crown Agency).



Enabling Legislation/Articles of Incorporation

- ▶ For Crown Corporations incorporated under the BUSINESS CORPORATIONS ACT (BCA), Articles of Incorporation are developed by the Ministry Responsible in consultation with the Crown Agencies Secretariat, the Office of the Comptroller General and the Ministry of Attorney General.
- ▶ For non-BCA Crown Corporations, specific enabling legislation to align delegated powers and authorities to the Crown Agency's mandate is developed by the Ministry Responsible in consultation with the Crown Agencies Secretariat, the Office of the Comptroller General, Treasury Board Staff, the Ministry of Attorney General, and Cabinet Operations, for approval by the Legislation Review Committee of Cabinet.
- ▶ The Ministry Responsible develops Orders in Council to add the Crown Agency to Government legislation as required (e.g. the FINANCIAL ADMINISTRATION ACT, the FINANCIAL INFORMATION ACT, the BUDGET TRANSPARENCY AND ACCOUNTABILITY ACT, the FREEDOM OF INFORMATION AND PROTECTION OF PRIVACY ACT, etc.)
- ▶ Once established, the Crown Agency's Board ensures processes are in place to monitor adherence to legislation and policy on an on-going basis.

Appointment of Board Members

- ▶ The Board is appointed according to the Board Resourcing and Development Office Guidelines and approved by Cabinet.
- ▶ The Ministry Responsible applies to the Appointee Remuneration Committee to have remuneration levels established for the Crown Agency's Board, per the relevant Treasury Board Directive.



Corporate Governance Structure

- ▶ The Board establishes a core governance structure consistent with government policy (see BRDO's *Best Practice Guidelines at www.lcs.gov.bc.ca/brdo/governance/corporateguidelines.pdf*).
- ▶ The Board develops governance principles, policies and procedures, an internal financial control and reporting structure, bylaws, and key roles and responsibilities.
- ▶ The Board institutes the required Board Committees (Audit, Human Resources, Governance, etc.).
- ▶ The Board develops Terms of Reference for the Board and Board Committees.
- ▶ The Board establishes conflict of interest, standards of ethical conduct and whistleblower policies, consistent with the standards and policies established by the BRDO.

Appointment of Crown Agency Staff and Establishment of Human Resources Regime

- The Board works with the Public Sector Employers' Council Secretariat (PSEC) to ensure that executive/management appointments are within Government-approved compensation guidelines. The organization's compensation plans must be approved by the Minister responsible for administration of the PUBLIC SECTOR EMPLOYERS ACT.
- The Board hires the Chief Executive Officer (CEO).
- The CEO develops, and the Board approves, a staffing plan. The CEO implements the staffing plan.
- The Board ensures the bargaining mandate, if required, is submitted to the Minister responsible for the PUBLIC SECTOR EMPLOYERS ACT for approval.
- The Board ensures that PSEC has been advised on labour relations matters and has been consulted in any labour relations negotiations.
- The Board ensures that the Crown Agency has appropriate human resources policies and procedures.

Operational Structure

- ▶ The Board and the CEO ensure operational policies and standards are put in place that are aligned with Government's policy objectives and the mandate and goals of the organization.
- ▶ The Board and the CEO ensure that policies and structures are put in place for resource planning, management and monitoring including: multi-year budgeting and financial reporting, internal controls, risk management, Information Management/Information Technology (IM/IT), business continuation, accounting policies (consistent with Government requirements and GAAP), and banking, cash management and financing processes.
- ▶ The Board and the CEO ensure that policies, processes and procedures are put in place for procurement and contract management.
- ▶ The Board and Government ensure there is a communications protocol in place between the Crown Agency and the Ministry, including quarterly meetings between the Chair and the Minister Responsible.

Accountability Structure

- The Board and Ministry Responsible ensure the following are in place and approved by the Minister:
 - multi-year accountability framework;
 - initial business plan;
 - initial funding letter (where applicable);
 - initial service level agreement (where applicable); and,
 - information resource management plan.
- The Board and the CEO ensure that a process is in place for preparing Service Plans and Annual Service Plan Reports, with goals and strategies, measures and targets in alignment with the Shareholder's Letter of Expectations, for the approval of the Minister.
- The Board and CEO appoint an external auditor, following approval by the Office of the Auditor General.
- The Board and CEO initiate an internal audit function.



For Further Information:

Visit our website at www.gov.bc.ca/cas or contact us for further copies of this pamphlet, or for any of our publications.

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