

# Framework for Government – Crown Agency Relationship

A GOOD PRACTICES CHECKLIST



Crown Agencies Secretariat • Board Resourcing and Development Office



Canada's  
Pacific Gateway



# Introduction

**Framework for Government – Crown Agency Relationship, 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.



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# Ministry Responsible – Crown Agency Accountability Framework

- ▶ Ministry Responsible establishes multi-year accountability framework in consultation with Crown Agency that:
  - outlines the roles and responsibilities of the Minister, Deputy Minister and Ministry staff, and Crown Agency Chair/Board, Chief Executive Officer (CEO) and Crown Agency staff;
  - establishes an accountability oversight infrastructure in the Ministry Responsible, consistent with accountability requirements; and,
  - establishes an accountability infrastructure in Crown Agency to fulfil accountability requirements.

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### **SHAREHOLDER'S LETTER OF EXPECTATIONS (SLE)**

- ▶ Public statement of Government's mandate and policy direction to each Crown Agency.
- ▶ Reviewed and approved annually by Cabinet, prior to the preparation of Crown Agency's Service Plan.
- ▶ Lays out key actions required and high-level performance expectations of Crown Agency and Government.
- ▶ Key accountability and governance instrument between the Shareholder and Crown Agency.
- ▶ Signed by Minister Responsible and Board Chair.
- ▶ Crown Agencies Secretariat develops SLE template and coordinates the process.

## **SERVICE PLAN**

- Developed and approved by Crown Agency Board. Submitted to the Minister Responsible for review and approval, supported by Ministry staff (Crown Agencies Secretariat and Ministry staff for Commercial Crown Corporations) to ensure consistency with SLE.
- Three year plan required each year under the BUDGET TRANSPARENCY AND ACCOUNTABILITY ACT:
  - Consistent with SLE and Government's Strategic Priorities;
  - Includes performance measures and targets;
  - Consistent with Government's Fiscal Plan, with funding subject to Treasury Board approval; and,
  - Includes an accountability statement signed by Board Chair.
- Tabled by Minister of Finance in Legislative Assembly with Government's Budget in February.
- Subject to review by the Select Standing Committee on Crown Corporations and by the Auditor General.
- Crown Agencies Secretariat issues annual guidelines.

## **ANNUAL SERVICE PLAN REPORT**

- Developed and approved by Crown Agency Board. Submitted to the Minister Responsible for review and approval, supported by Ministry staff (Crown Agencies Secretariat and Ministry staff for Commercial Crown Corporations) to ensure consistency with SLE and Service Plan.
- Annual Report required under BUDGET TRANSPARENCY AND ACCOUNTABILITY ACT.

- Reports on performance against Service Plan;
  - Includes audited financial statements; and
  - Includes accountability statement signed by the Board Chair.
- Transparent performance measurement and accountability.
  - Tabled with Public Accounts by August 31.
  - Crown Agencies Secretariat issues annual guidelines.

### **QUARTERLY / ANNUAL REPORTING**

- Ministry Responsible (in consultation with Crown Agency) develops quarterly and annual reporting process to evaluate Crown Agency's performance against the SLE and Service Plan. The Ministry Responsible and Crown Agency work together to make any changes required.
- Minister/Deputy Minister Responsible and Chair/CEO meet regularly to review the Crown Agency's performance, supported by meetings between Ministry/Crown Agency staff).





# Mandate and Policy Alignment

Generally it is the responsibility of Government, the Minister Responsible and the Ministry Responsible to set broad policy direction within which the Crown Agency operates. Crown Agency input into policy direction ensures those policies are designed to best accommodate the organization's needs. The following structures form the basis of this relationship.

## **SHAREHOLDER'S LETTER OF EXPECTATIONS (SLE)**

- Public statement of Government's mandate and policy direction to each Crown Agency.
- See previous section for further details on SLE.

## **CROSS-CROWN POLICIES**

- Policies developed by Cabinet that apply to all Crowns.
- Ministry Responsible supports Crown Agency (as required) to abide by cross-Crown policies, including:

### **1. Governance**

- Best Practice Guidelines, Governance and Disclosure Guidelines for Governing Boards
- Crown Agency Accountability System
- Ethical Conduct for Public Sector Organizations

### **2. Financial**

- Capital Asset Management Framework (Treasury Board Directive)
- Capital Standard – 2007

- Board Remuneration (Treasury Board Directive)
- Executive Compensation and Labour Relations requirements under PUBLIC SECTOR EMPLOYERS' ACT
- Grants in lieu of property taxes

### **3. Procurement**

- Agreement of Internal Trade (AIT)
- Trade, Investment and Labour Mobility Agreement (TILMA)

### **4. Administrative**

- Document-keeping requirements under the DOCUMENT DISPOSAL ACT
- Information and Privacy Policies
- Shared Services (as applicable) provided by Ministry of Labour and Citizens' Services
- Climate Action carbon neutral requirements
- ActNow BC requirements

## **LEGISLATION OF GENERAL APPLICATION**

- ▶ Ministry Responsible supports Crown Agency to comply with legislation generally applicable to Crown Agencies, including:
  - AUDITOR GENERAL ACT
  - BUDGET TRANSPARENCY AND ACCOUNTABILITY ACT
  - BALANCED BUDGET AND MINISTERIAL ACCOUNTABILITY ACT
  - DOCUMENT DISPOSAL ACT
  - FINANCIAL ADMINISTRATION ACT

- FINANCIAL DISCLOSURE ACT
- FINANCIAL INFORMATION ACT
- FREEDOM OF INFORMATION AND PROTECTION OF PRIVACY ACT
- MULTICULTURALISM ACT
- OMBUDSMAN ACT
- PUBLIC SECTOR EMPLOYERS' ACT
- WORKERS COMPENSATION ACT

### **SELECT STANDING COMMITTEE ON CROWN CORPORATIONS HEARINGS**

- Minister/Deputy Minister Responsible review Crown Agency's Select Standing Committee presentation for consistency with Government/Ministry mandate and policy direction.

### **ESTIMATES DEBATE**

- Deputy Minister/Assistant Deputy Minister Responsible (supported by Ministry staff) reviews Crown Agency Estimates Binder, and coordinates Crown Agency involvement to ensure consistent governance and accountability.
- Minister Responsible leads Estimates Debate; Deputy Minister Responsible supports; Crown Agency staff provides information.

### **REGULATORY POWER (AS APPLICABLE)**

- Minister Responsible may issue regulations that broaden or narrow a Crown Agency's mandate.

- ▶ Minister Responsible may set provincial standards by regulation for delivery of Crown Agency's programs or services.

### **MINISTERIAL DIRECTIVE POWER**

- ▶ Minister Responsible may issue directives (per constituting instrument – e.g. legislation, regulation) regarding how a Crown Agency will fulfil its mandate.



# Budgeting and Reporting

## **BUDGET – SERVICE DELIVERY CROWN CORPORATIONS**

- Minister of Finance issues budget instructions to Minister Responsible. Ministry Responsible issues budget instructions to Crown Agency consistent with the Ministry instructions.
- Crown Agency Board approves budget/financial forecasts; Crown Agency Chief Financial Officer (CFO) submits forecasts to Ministry Responsible's Executive Financial Officer (EFO) and then to Treasury Board Staff. The EFO and CFO work with Treasury Board Staff to review and provide comments on Crown Agency budget/financial forecasts. Minister Responsible approves final Crown Agency budget presentation to Treasury Board.
- Minister of Finance issues Budget Letter to Minister Responsible. Minister Responsible issues Funding Letter to Crown Agency Chair.
- Crown Agency Board-approved budget, Service Plan and Annual Report must be consistent with Government's Fiscal Plan, the Ministry Responsible's Funding Letter and Public Accounts (EFO Responsible reviews and verifies).

## **SERVICE LEVEL AGREEMENT (FOR SERVICE DELIVERY CROWN AGENCIES)**

- Ministry Responsible develops annual Service Level Agreement aligned with Funding Letter, establishing program administration and delivery approach, service levels, performance expectations and reporting requirements, in collaboration with Crown Agency.

## BUDGET – COMMERCIAL CROWN CORPORATIONS

- ▶ Minister of Finance issues budget instructions, via Crown Agencies Secretariat, to Commercial Crown Corporation CEO and CFO.
- ▶ Crown Corporation submits draft and Board-approved budget summaries to Treasury Board Staff, Crown Agencies Secretariat, and Ministry Responsible.
- ▶ Minister Responsible present Commercial Crown Corporation budget to Treasury Board. Representatives from the Crown Corporation may be asked to attend.
- ▶ Crown Corporation Board-approved budget, Service Plan and Annual Report must be consistent with Government's Fiscal Plan and Public Accounts (EFO Responsible reviews and verifies).

## REPORTING

- ▶ Crown Agency and Ministry Responsible ensure Information Requirements and Events Calendar requirements for Crown Agency are met (*see [http://www.gov.bc.ca/cas/attachments/commercial\\_crowns\\_events\\_calendar.pdf](http://www.gov.bc.ca/cas/attachments/commercial_crowns_events_calendar.pdf) and [http://www.gov.bc.ca/cas/attachments/service\\_delivery\\_crowns.pdf](http://www.gov.bc.ca/cas/attachments/service_delivery_crowns.pdf)*). Financial portion of the accountability framework outlines reporting calendar requirements between the EFO in the Ministry Responsible and the Crown Agency CFO.
- ▶ Crown Agency Board approves Quarterly Reports; CFO submits reports to EFO Responsible and then to Treasury Board Staff. EFO Responsible reviews Quarterly Report actuals and 5-year forecasts (May/August/November/January) and reports to the Minister Responsible.

- ▶ Year-to-date actual financial results are provided to the Office of the Comptroller General (OCG) on a quarterly basis. Audited Comparative Financial Statements are provided to OCG annually for Public Accounts.
- ▶ Subject to provisions of the Crown Agency's enabling legislation or Articles of Incorporation, the Crown Agency must obtain Ministerial approval prior to engaging in specified transactions (e.g., Minister of Finance's approval is typically required for incurring a deficit).
- ▶ Minister Responsible may issue additional directives requiring Crown Agency to submit financial statements/reports.



## Risk Management

- ▶ The Crown Agency has an organization-wide risk and opportunity identification, assessment and management plan in place, which includes mitigation strategies and risk transfer (e.g., insurance).
- ▶ A risk register and risk management strategy is developed and maintained, in collaboration with Risk Management Branch (Ministry of Finance) and the Ministry Responsible as required.
- ▶ The status of risks is reported regularly to the Crown Agency management, the Board and the Audit Committee.
- ▶ The Crown Agency and the Risk Management Branch (in consultation with the Ministry Responsible) determines the extent to which liability insurance is required, and the Crown Agency acquires this insurance.
- ▶ Crown Agency director's indemnities are in place.
- ▶ Crown Agency's business continuity plan is developed and maintained, consistent with Government standards and requirements.



# Labour Relations and Human Resource Management

## **COLLECTIVE AGREEMENT**

- Minister Responsible and Crown Agency Board submit bargaining mandate to the Minister responsible for the PUBLIC SECTOR EMPLOYERS ACT for approval.
- Deputy Minister Responsible reviews and ensures Minister Responsible's overall agreement.
- Crown Agency negotiates collective agreement within approved mandate.
- Public Sector Employers Council Secretariat (PSEC) assists as required.

## **COMPENSATION PLAN**

- Minister Responsible and Crown Agency Board submit any new or amended compensation plan to the PSEC for approval by Minister responsible for administration of the PUBLIC SECTOR EMPLOYERS ACT.
- Deputy Minister Responsible reviews and ensures Minister Responsible's overall agreement.
- Crown Agency Board implements approved compensation plan for executive management.
- PSEC assists as required.

# Information Management/ Information Technology (IM/IT)

- ▶ Government Chief Information Officer (CIO) sets IM/IT standards for Government, and works with Ministries Responsible and Crown Agency CIOs to ensure compliance under an Information Sharing Agreement, and alignment with Ministry of Labour and Citizens' Services IM/IT governance practices.
- ▶ Ministry Responsible has overall responsibility for IM/IT issues and approves the Crown Agency's Information Resource Management Plan (IRMP). Crown Agency CIO makes operational decisions related to IM/IT within approved IRMP; projects outside IRMP require Ministry Responsible / Government CIO approvals.

## Liaison with Other Ministries and Crown Agencies

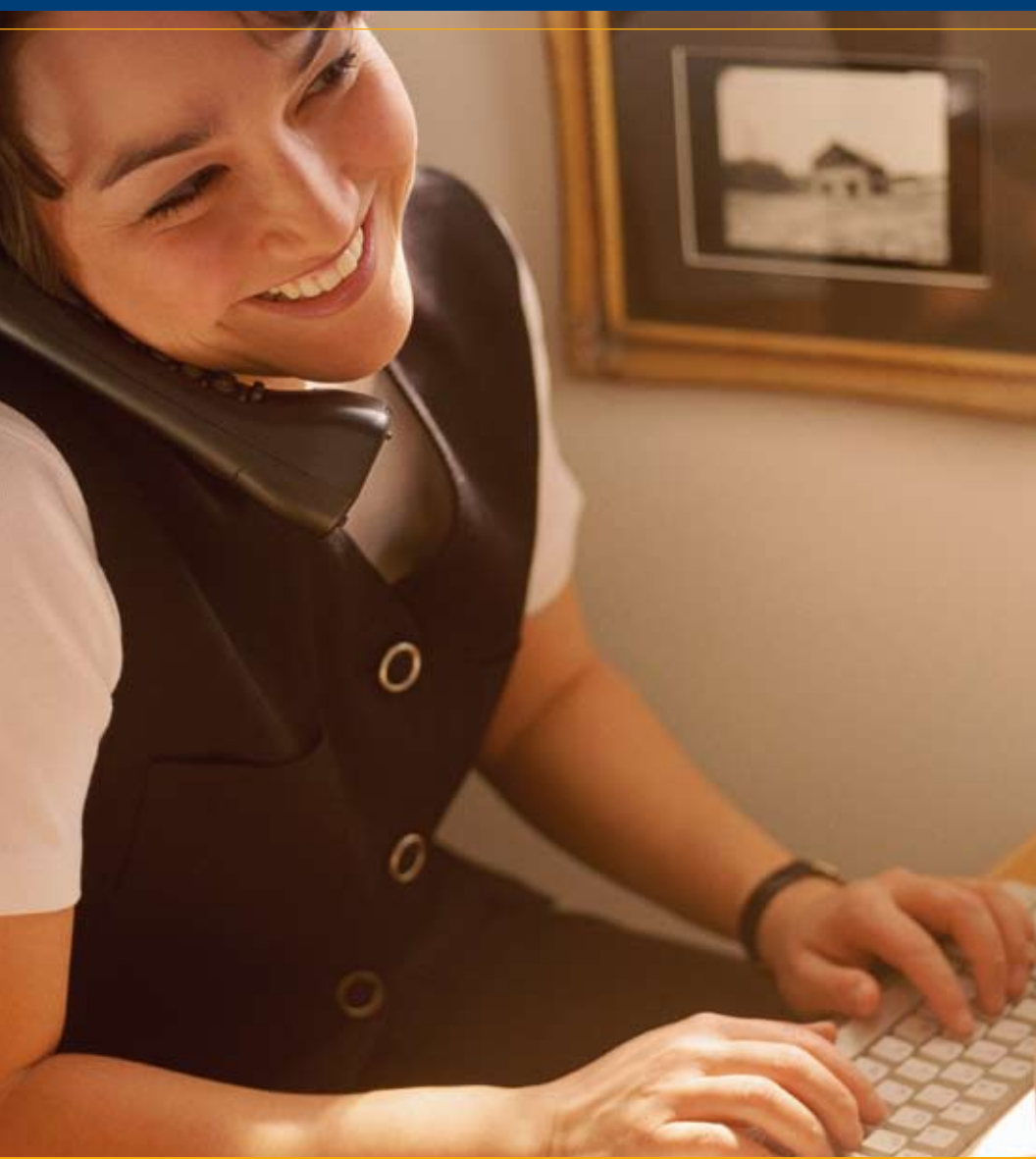
- Ministry Responsible and Crown Agency staff interface with other ministries and Crown Agencies as required.
- Per Treasury Board Directive, Crown Agency must have approval of Minister Responsible and Treasury Board to enter into agreement(s) with other provinces and/or the federal government.



## Communication

- ▶ Regularly-scheduled issues management meetings are undertaken between the Public Affairs Bureau Director for the Ministry Responsible and Crown Agency Communications Director.
- ▶ Issues notes and Estimates Debate materials are jointly prepared to support the Minister Responsible in debate.
- ▶ Public Affairs Bureau provides procedures for issues management.





## For Further Information:

Visit our website at [www.gov.bc.ca/cas](http://www.gov.bc.ca/cas) or contact us for further copies of this pamphlet, or for any of our publications.

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