

# Overview of the Key Roles and Accountabilities for BC Crown Corporations

*Presented by*

**Crown Agencies Resource Office**



**Ministry  
of Finance**

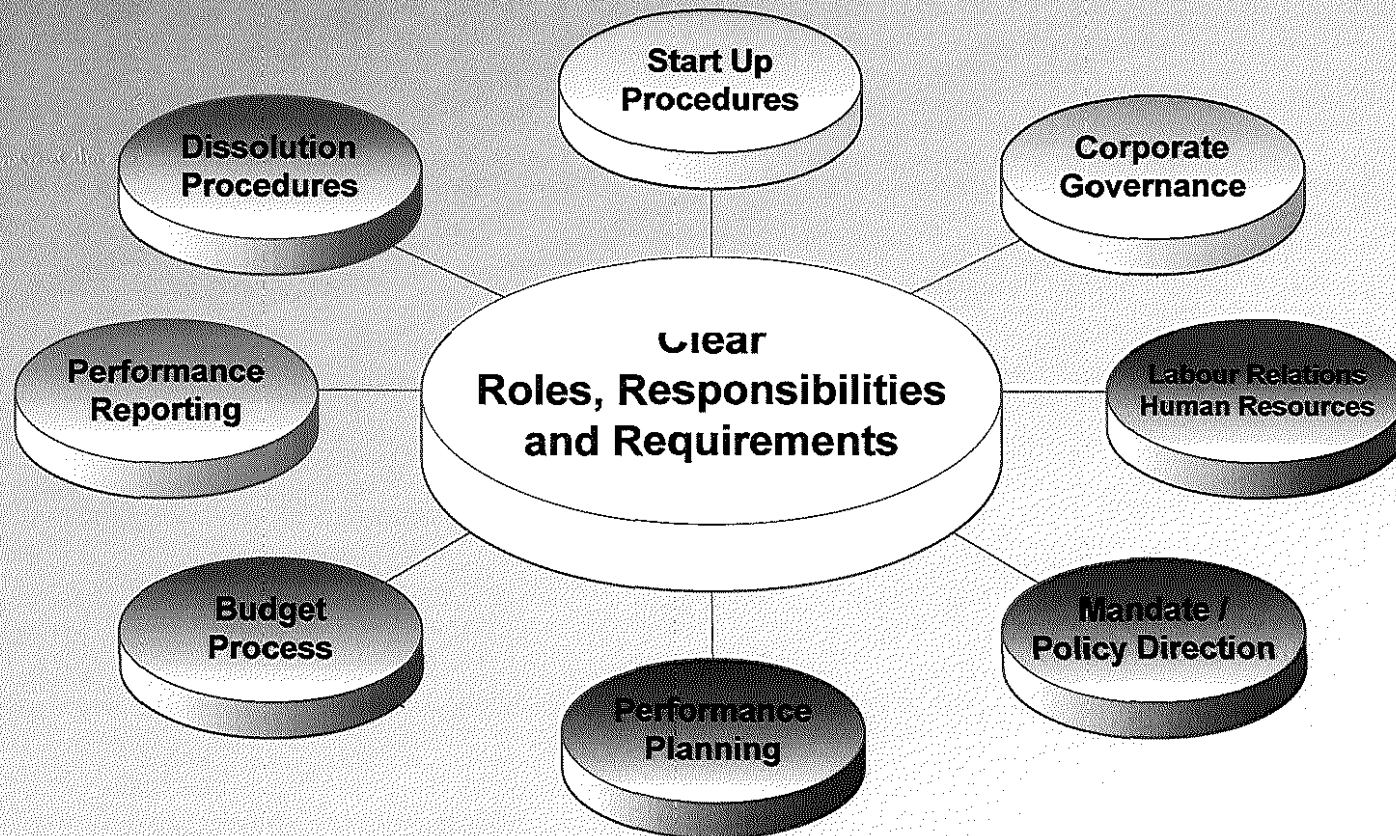
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# What is a Crown Corporation?

- Separate legal entity within the government reporting entity
- Established to serve the public interest and to advance public policy objectives
- As a part of the government entity, Crown corporations are subject to a number of acts and reporting requirements
- Each Crown corporation reports to a Minister Responsible



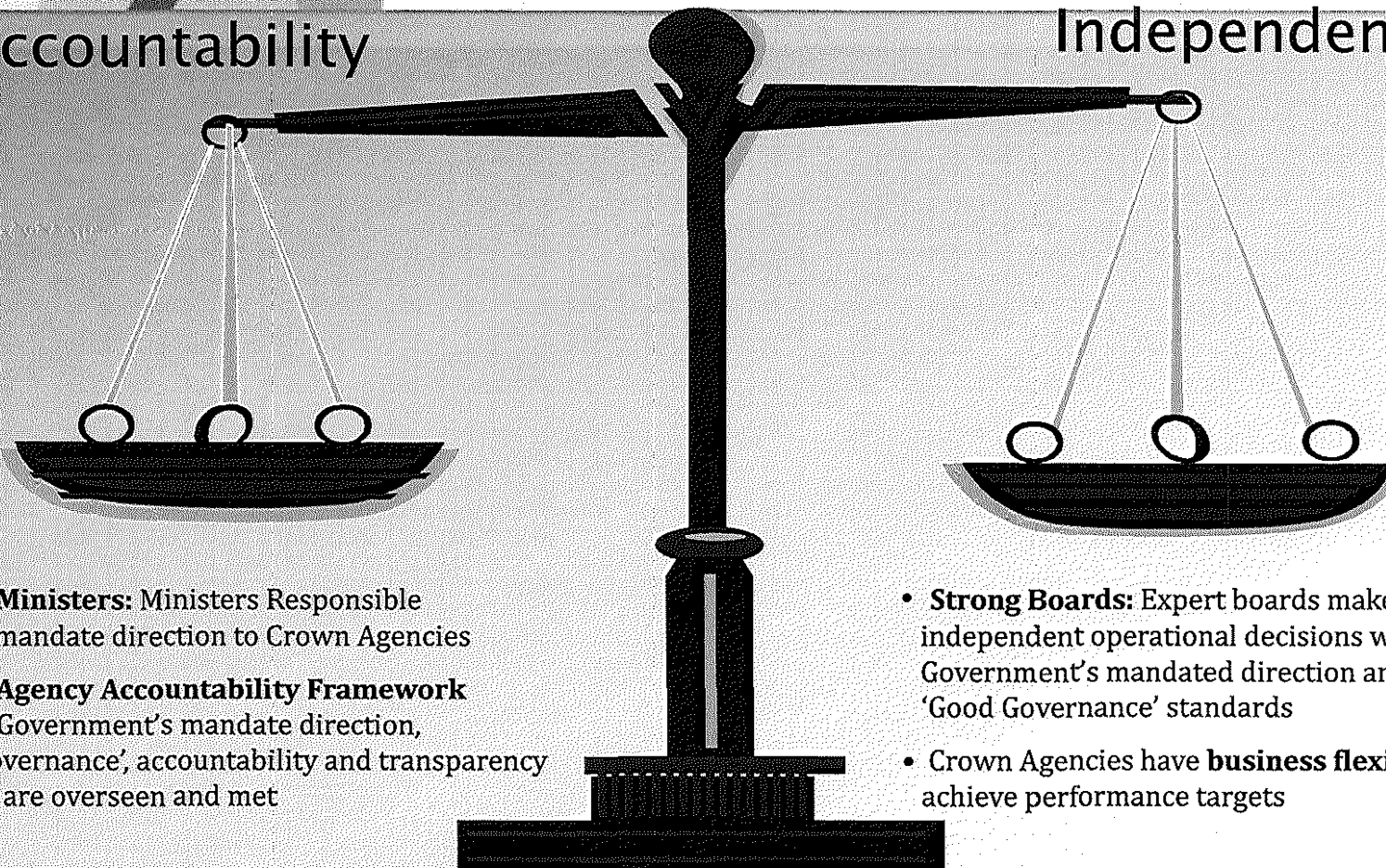
***Crown Agency Accountability System*** - provides a governance framework for British Columbia's Crown agencies to achieve government's policy and performance expectation in an open, transparent and accountable manner.



## *Crown Agency Accountability System - Balancing Accountability with Crown Corporation Independence*

Accountability

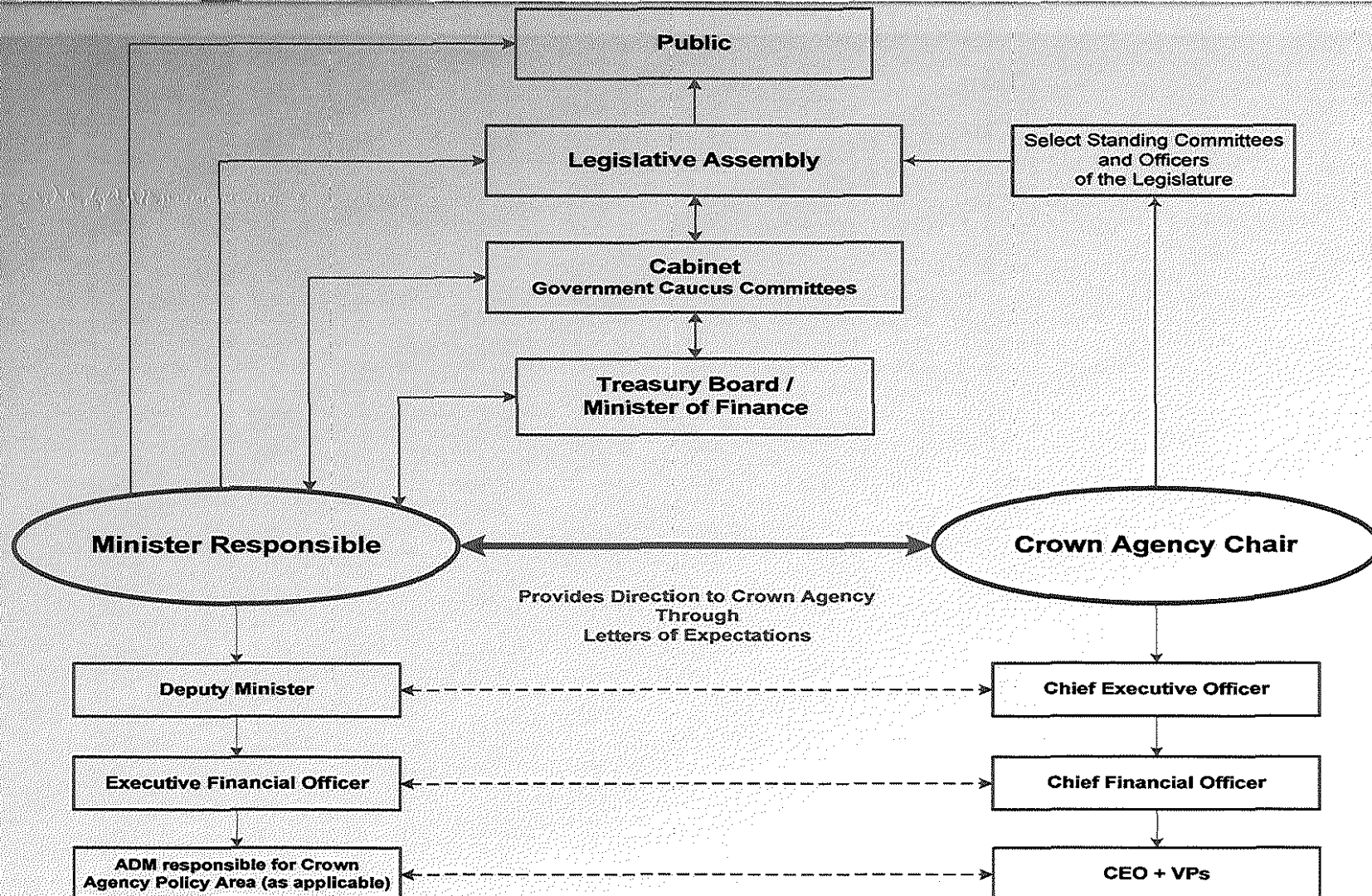
Independence



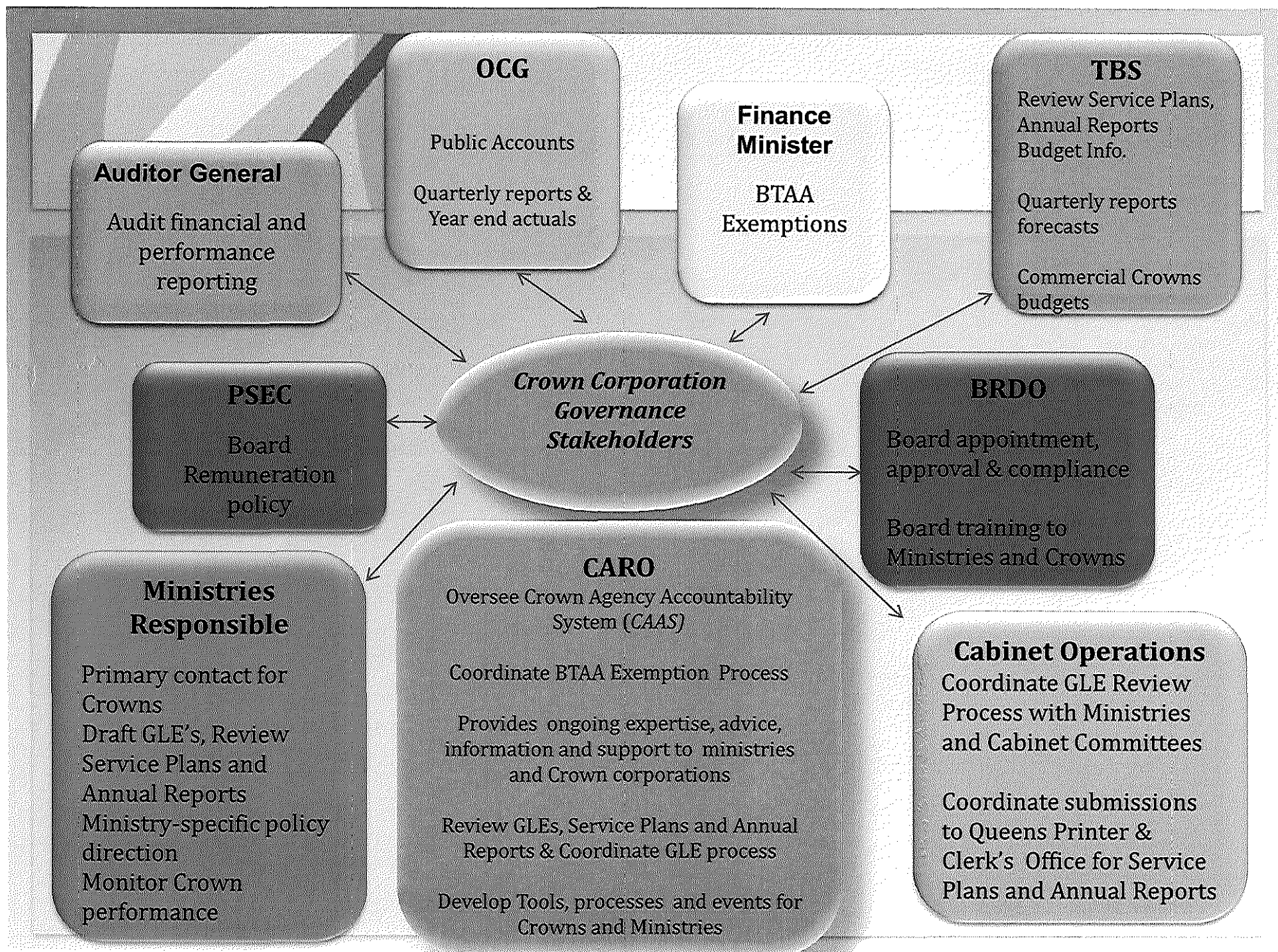
- **Strong Ministers:** Ministers Responsible provide mandate direction to Crown Agencies
- **Crown Agency Accountability Framework** ensures Government's mandate direction, 'Good Governance', accountability and transparency standards are overseen and met

- **Strong Boards:** Expert boards make independent operational decisions within Government's mandated direction and 'Good Governance' standards
- Crown Agencies have **business flexibility** to achieve performance targets

# Accountability Continuum for Crown Corporations







## Minister's Key Accountabilities

- Accountable to Cabinet & Legislature for Crown corporations
- Conveys Cabinet direction on mandate, high level strategic direction and performance expectation (through GLEs & Directive Letters)
- Appoints or recommends candidates for Board membership
- Approves and tables Crown corporations' service plans and annual reports in the Legislature
- Sponsors legislative submissions
- Direct relationship with the Chair of the Board



# Deputy Minister's Key Accountabilities

**1. Support the Minister in the execution of their key accountabilities.**

- The Deputy Minister may be delegated the authorities of a Minister for specified purposes.
- The Deputy Minister acts as the main advisor to the Minister on Crown corporation matters. As such, the Deputy Minister is ultimately accountable for managing issues and ensuring that there are no surprises for the Minister.

**2. Maintain an effective working relationship between the Ministry and the Crown corporation.**

- Liaise with the Crown corporation CEO and Board chair as required. This can range from informal discussions to formal quarterly meetings.
- Maintain appropriate separation between the Ministry and the Crown agency's operations (e.g., refrain from sitting on the Agency's board unless there are special temporary circumstances; execute service agreements with the crown corporation if the Ministry is providing the Corporation with staff time or resources).

**3. Ensure that the Ministry staff facilitate and monitor the implementation of the *Crown Agency Accountability System* with the Crown corporation.**

- Ensure adequate internal quality control processes are in place, especially regarding performance monitoring and improvement. This can range from an annual review of the Crown corporation's performance with updated direction in the Government's Letter of Expectations to formal multi-year Accountability Agreements with quarterly meetings and Ministerial directives.



## Key Role of the Board Chair

- The key liaison with government through the Minister Responsible
- Accountable for Board activities (signs accountability statement for Service Plans and Annual Reports)
- Shapes Board culture for effective Board performance
- Hires the CEO, in concert with the Board

# Key Accountabilities of the Board

- Ensures governance / statutory requirements are met
- Ensures the organization's activities are aligned with mandate direction given by government
- Advises organization on significant decisions and reviews and approves major transactions
- Ensures Government's Letter of Expectations, Service Plan and Annual Report requirements are met
- Ensures integrity of Crown corporation's financial systems, internal controls, and risk management systems



# Ministry – Crown Corporation Relationship Best Practices

- Coordinated approach within ministry to working with its Crown corporations (alignment of policy, business cycle, & financial areas)
- Single staff level point of contact in ministry for Crown corporation staff
- Either one group in ministry takes responsibility for all its Crown corporations, or good communication between ministry groups responsible to ensure consistency of procedures, best practices, & knowledge transfer

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# Ministry – Crown Corporation Relationship Best Practices *con't*

- Regular communication between ministry staff & Crown corporation staff
- Open and timely communications and information sharing between ministry and Crown corporation
- Recommended that Ministers and Chairs meet at least quarterly

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# Mandate Direction for Crown Corporations

Mandate direction is provided by government to a Crown corporation in a variety of ways, including:

- The Crown corporation's enabling legislation -
- Annual Government's Letter of Expectations from the Minister Responsible to the Crown corporation
- Directive letters, regulations or special directions from the Minister Responsible, Cabinet and/or Treasury Board



## Key Annual Business Activities

- Government's Letter of Expectations – provides high level mandate direction from government
- Service Plan – what the organization plans to do in the next three years
- Annual Report – what the organization accomplished in the year compared to what it planned to do



# Government's Letter of Expectations

- Lists key actions and high-level performance expectations of Crown corporation and government
- Provides the basis for the Service Plan
- Minister, in consultation with Crown corporation, reviews and updates SLE annually
- GLE approved by Cabinet, then signed by Minister and Board Chair



# Budget

- Minister of Finance issues budget instructions to Ministry Responsible
- Ministry issues budget instructions to Crown corporation consistent with these instructions
- Crown corporation must obtain Minister of Finance approval before budgeting for or incurring a deficit



# Service Plan

- Sets out the Crown corporation's financial and program delivery plans for the next three years
- Crown corporations are required, under the BTAA, to produce an annual service plan documenting the organization's goals, strategies, performance measures, performance targets and approved budget for each of the next three years. The goals in the plan must be aligned with the organization's mandate and GLE direction.
- Service plans are written by the Crown corporation, reviewed by Ministry staff and approved by Board and Minister. Treasury Board Staff of the Ministry of Finance also review the budget information to make sure it reflects what was approved by Treasury Board.
- Service plans include a message from the board Chair and an accountability statement that is signed by the Chair on behalf of the board. The accountability statement confirms the board's responsibility for and confidence in the contents of the service plan.



# Annual Report

- Reports on actual financial and program delivery performance for the year compared to planned performance
- Annual Reports go through the same approval process and have a similar accountability statement to service plans.
- One of the primary reasons that Crown corporations produce public service plans and annual reports is to provide the public and stakeholders with confidence and reassurance that the organization is doing a good job of delivering its programs and services and of using its funding as effectively as possible.



# Key Legislative Statutes Applicable to Crown Corporations

- **Financial Administration Act**
- **Budget Transparency and Accountability Act**
- **Financial Information Act**
- **Auditor General Act**



# Key Guidelines & Publications

- Shareholder's Expectations Manual for British Columbia Crown Agencies
- Best Practices Guideline & Disclosure Requirements for Governing Boards of British Columbia Sector Organizations
- Remuneration Guidelines for Crown Agency Boards
- Executive Compensation and Reporting Guidelines
- Performance Reporting Principles for the B.C. Public Sector
- Crown Agency Registry
- GLE Completion Guidelines
- Crown Corporation Service Plan Guidelines
- Crown Corporation Annual Report Guidelines
- Information Requirements and Events Calendar for Crown Corporations