

I. Mandate and Roles

Section 4 – Charter of Expectations

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4.1 Commission Responsibilities

The Commission has adopted a Charter of Expectations, which sets out the specific responsibilities of the Commission and the individual roles of the members of the Commission.

The Charter also stipulates the personal and professional characteristics of the members of the Commission.

The Commission is explicitly responsible for the effective and timely operation and management of the Plan. To discharge this obligation, the Commission assumes responsibility in the following areas:

Plan Design:

- Review the design of the Plan from time to time, recommend changes to the Plan when and/or where required, and implement changes to the Plan.
- Review marketplace statistics, imminent trends, and analysis, to ensure that the Plan design is competitive/comparable to similar trustee plans.

Compliance:

- Recommend changes to the Plan that arise from *The Pension Benefits Act, 1992* (the PBA) or are required by the *Income Tax Act (Canada)* (ITA).
- Ensure timely reporting to Canada Revenue Agency in accordance with the ITA.

- Ensure timely reporting to the Financial and Consumer Affairs Authority, in accordance with the PBA and *The Municipal Employees' Pension Act* (the MEPA).
- Monitor Statement of Investment Policies and Procedures compliance.
- Appoint an independent auditor, review performance, and terminate their services when necessary.
- Review reports from the auditor, determine appropriate action, and implement the recommendations contained therein (statutorily, the Provincial Auditor remains auditor of the plan).
- Monitor plan administration to ensure compliance with the MEPA.

Administration:

- Ensure the timely payment of benefit entitlements to plan members/beneficiaries.
- Monitor and review the performance of the Public Employees Benefits Agency (PEBA) and other administration service providers.
- Make decisions resulting in an increase to the funding and operational costs of the Plan and any changes in the interim.
- Make decisions regarding the eligibility of an employer/employee to join the Plan.

Communication:

- Promote the communication, awareness, and understanding of the Plan among plan members.
- Ensure that statutory disclosure regulations are being met and exceeded for the benefit of plan members/beneficiaries.
- Ensure that all relevant information is provided to plan members/beneficiaries which affect their rights, benefits, and entitlements.

Funding:

- Review PEBA's co-ordination of the asset management of the Plan and make appropriate changes when necessary.
- Appoint an actuary, review performance on a periodic basis, and terminate their services when necessary.
- Approve the assumptions for actuarial valuations.
- Review and approve the actuarial valuation, at least triennially.
- Recommend changes to contribution levels required to fund the Plan.

Investment and Custody:

- Approve the Statement of Investment Policies and Procedures and subsequent amendments;
- Appoint investment managers and terminate their services when necessary;
- Monitor the performance of the investment managers and the assets under their management;
- Appoint a Strategic Investment Consultant, a Private Markets Consultant, and a Custodian; review performance and terminate their services when necessary; and
- Review PEBA's recommendations and determine appropriate action.

Governance:

- Conduct a self-assessment review of the governance process on a periodic basis.
- Monitor and confirm the governance framework, and implement changes as deemed necessary.

Strategic Planning Process:

- Develop, implement, and assess short- and long-term measurable directions and objectives.
- Monitor performance against adopted directions and objectives.
- Review and approve annual budget and operating plan, and monitor performance against those plans.
- Ensure to the extent possible, that necessary resources will be available to pursue strategies, establish priorities, and achieve objectives.
- An annual planning cycle will consist of:
 - A strategic planning session to set, review, or update the Commission's Strategic Business Plan, typically in April;
 - An annual work plan at the Commission's June meeting to set the pace and plan for the initiatives the Commission will look to accomplish over the next September through June meeting cycle; and
 - A comprehensive education plan at its September meeting to identify in-meeting education by service providers and other industry experts to assist the Commission in its preparation for upcoming decisions on the initiatives approved in its annual work plan.

Risk Assessment:

- Identify risks which would adversely or positively affect the operation of the Plan.
- Ensure that appropriate systems and actions are in place to manage such risks.
- Ensure that risk is formally considered and integrated into all decisions made.

Integrity:

- Ensure the integrity of the Plan's internal controls and information systems.
- Ensure ethical behavior of all participants involved in the administration of the Plan.

Orientation/Ongoing Education:

- Ensure the establishment and implementation of an appropriate, formal orientation program for new members of the Commission.
- Ensure that resources are available for an appropriate and practical ongoing education program for all members of the Commission.

Commission Effectiveness:

- Evaluate the effectiveness of the Commission in fulfilling its responsibilities on a periodic basis.
- Monitor the effectiveness and contribution of individual members of the Commission.

4.2 Appointment of Associate Deputy Minister and Senior Management

By Order in Council, the Lieutenant Governor of Saskatchewan designates the Public Employees Benefits Agency (PEBA) as administrator for the Municipal Employees' Pension Plan (MEPP). PEBA staffing is the responsibility of the Ministry of Finance (the Ministry) of the Government of Saskatchewan and as such:

Senior Level Staffing:

- Selection, appointment, evaluation, and if necessary, termination of the Associate Deputy Minister of PEBA, is the sole jurisdiction of the Ministry.

- Succession planning, appointment, training, evaluation, and if necessary, termination of senior management at PEBA is the responsibility of the Associate Deputy Minister of PEBA in conjunction with the Ministry.

While the Commission recognizes that senior level staffing is the sole jurisdiction of the Ministry, the Commission will send a letter to the Deputy Minister of Finance each time the position of Associate Deputy Minister of PEBA is being staffed, requesting input into the selection process.

A PEBA Governance Committee was struck to make possible discussion amongst PEBA, the Ministry, the Commission, and the Public Employees Pension Board regarding the mutually beneficial allocation of the resources of PEBA with respect to the administration of MEPP and the Public Employees Pension Plan (PEPP).

4.3 Commission Member Attributes

To execute the Commission responsibilities, it is desirable that members of the Commission, collectively and/or individually, possess certain characteristics and traits:

Integrity and Accountability:

- Demonstrate high ethical standards and integrity in their personal and professional dealings, and be willing to act on and remain accountable for their boardroom decisions.
- Act solely in the best interest of all plan members/beneficiaries, and are required to exercise the care, skill, and diligence of a prudent person in carrying out their duties.
- Members of the Commission must be seen to possess the qualities of integrity and accountability by being able to demonstrate they are individuals who conduct themselves at all times in accordance with the law as specified in section 12.5 of this Governance Manual – Compliance with Laws – in the Commission’s Code of Conduct and Conflict of Interest Procedures.

Informed Judgment:

- Develop a depth of knowledge of pension related matters in order to understand and question the assumptions upon which the strategic and operational plans are based, and to form an independent judgment regarding the probability that such plans can be achieved.

Financial Literacy:

- An important function of the Commission is to monitor financial performance. Members of the Commission should have a high level of financial literacy. They should know how to read financial statements and reports, and understand appropriate terminology for the evaluation of investment performance.

Actuarial Literacy:

- The pension plan Actuary undertakes a vital role in determining the Plan's funding requirements. A significant function of the Commission is to review the recommendations and performance of the Actuary.

Members of the Commission should possess a sound knowledge of actuarial principles. They should be familiar with the methodology, practices, and terminology in order to accurately evaluate actuarial assumptions and advice.

Mature Confidence:

- Members of the Commission who value Commission and team performance over individual performance, and who possess respect for others, facilitate superior Commission performance.
- Members of the Commission should demonstrate openness to the opinions of others, and the willingness to listen should rank as highly as the ability to communicate persuasively.
- Members of the Commission must approach others assertively, responsibly, and supportively, and be willing to raise difficult questions in a manner that encourages open discussion.

4.4 Commission Member Responsibilities

To discharge their collective obligations, individual Commission members assume responsibility in the following areas:

Duty of Due Diligence

Members shall:

- Be informed of *The Municipal Employees' Pension Act* and the associated Regulations, the Commission's Governance Manual, and the Commission's Policy Manual;
- Keep generally informed about issues that affect the Plan and about general trends in the sector in which the Plan operates;

- Develop a depth of knowledge of pension plan-related matters in order to understand and question the assumptions upon which operational plans are based; and
- Regularly attend Commission meetings and contribute to the work of the Commission.

Duty of Loyalty

Members shall:

- Act with honesty and good faith in what they believe to be the best interests of the Plan;
- Maintain solidarity with fellow Commission members in support of decisions that have been made in good faith in a legally constituted meeting by members in reasonably full possession of the facts; and
- Exercise vigilance for, and declare any apparent or real personal conflict of interest, in accordance with the Commission's conflict of interest procedures.

Duty of Care

Members shall:

- Exercise the same degree of care, diligence, and skill that a reasonably prudent person would show in comparable circumstances;
- Demonstrate high ethical standards and integrity in their personal and professional dealings, and be willing to act on and remain accountable for their boardroom decisions;
- Offer their personal perspective and opinions on issues that are the subject of Commission discussion and decision;
- Demonstrate openness to the opinions of others; the willingness to listen should rank as highly as the ability to communicate persuasively;
- Voice, clearly and explicitly at the time a decision is being made, any opposition to a decision being considered by the Commission;
- Ask that the Commission review any decision made if he or she has reasonable grounds to believe that the Commission acted without full information or in a manner inconsistent with its trusteeship responsibilities; and
- Work co-operatively with the staff of the Public Employees Benefits Agency, respecting the distinction between the roles of Commission and staff that are consistent with generally established principles of governance.

4.5 Chair Responsibilities and Duties

Primary Responsibilities:

- Consult with the Commission regarding the frequency and dates of regular meetings;
- Call special meetings of the Commission whenever the Chair considers it necessary;
- Preside over the meetings of the Commission;
- Approve the agenda for Commission meetings;
- Approve draft minutes of Commission meetings for distribution to the Commission;
- Approve/release the communication of Commission business;
- Receive and table before the Commission, notices of conflict of interest;
- In consultation with the Commission, determine the appropriate course of action regarding the resolution of conflicts of interest;
- Receive and table before the Commission, circumstances that may constitute a perception of bias;
- In consultation with the Commission, determine the appropriate course of action regarding the resolution of situations of bias;
- Authorize individuals to represent the Commission at meetings of the Public Accounts Committee or attend if required;
- Act as spokesperson and representative of the Commission to management;
- Authorize individuals to speak on behalf of the Commission with respect to outside parties;
- Communicate recommended amendments to the Plan to the Minister of Finance;
- In conjunction with the other members of the Commission ensure that the contract with the Public Employees Benefits Agency is appropriately carried out;
- Authorize or approve the timely and appropriate execution of Commission business;
- Provide a verbal report of Commission business undertaken by the Chair at each Commission meeting;
- Ensure strategic planning is carried out;
- Be available for consultation with management when required;
- Authorize the signing of contracts for services acquired by the Commission that are in excess of \$24,999; and
- Authorize the immediate termination of investment managers.

Conduct of Meetings:

- The position of Chair requires an individual who is able to conduct Commission meetings effectively with particular focus on the following skills:
 - The ability to employ alternative ways of looking at issues or problems. This individual will be able to take complex information and simplify it to provide clear and simple observations, explanations, and/or solutions.
 - The ability to effectively manage the Commission and its performance in order to maximize the productive use of Commission members' time and efforts.
 - The ability to promote a team environment and act to encourage a friendly climate, good morale, and co-operation between team members. This person will resolve team conflicts.

4.6 History

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