

**Governance Practices (Fiscal 2012-13): Compliance with the Adapted TSX  
Corporate Governance Guidelines**

**University of Regina  
Board of Governors**

**Background**

In 1994 the Toronto Stock Exchange (TSX) sponsored a study of Canadian corporate governance resulting in 14 recommendations that were adopted as *Best Practices Guidelines for Effective Corporate Governance*. TSX listed companies must disclose annually the extent to which they comply with these guidelines. These guidelines were modified as a result of a subsequent study (*Beyond Compliance: Building a Governance Culture*) undertaken in 2001 by the Joint Committee on Corporate Governance chaired by Guylaine Saucier, henceforth known as *The Saucier Report*, and some practice notes were added for clarification.

The University of Regina is not a publicly-traded company listed with the TSX. In the absence of similar guidelines for public institutions of higher learning, the University of Regina Board of Governors decided to assess itself against the current version of the Adapted TSX Corporate Governance Guidelines and describe its degree of compliance as a sound governance practice. Research has indicated that much has been written on ‘not for profit’ governance and governance of public institutions. Best practices are outlined in the literature and these guidelines continue to align with governance best practices. These are used by the University of Regina Board of Governors as a manner of continually monitoring its progress against best practices.

In summary, and keeping in mind that the Adapted TSX Guidelines are not a perfect fit for the University, the Board is in compliance with the adapted Guidelines. For additional information, please consult the TSX publication: **Corporate governance: A guide to good disclosure** available at [www.ecgi.org/codes/documents/tsx\\_gtgd.pdf](http://www.ecgi.org/codes/documents/tsx_gtgd.pdf).

<b>Guidelines</b>	<b>Practices</b>
<p>1. The Board should explicitly assume responsibility for the stewardship of the corporation, and specifically for:</p> <p><i>Practice note:</i> In order to help boards discharge appropriately their stewardship responsibility, boards should adopt a formal mandate setting out their responsibilities. Such mandates can also be used in conducting regular assessments of board</p>	<p>Status: Compliance</p> <p>The Board is the public fiscal trustee of the University, with the final locus of accountability on the management, administration and control of property, revenues, business and affairs of the institution as defined by <i>The University of Regina Act</i>.</p> <p>The Terms of Reference for the Board as set out in the recently updated <i>Board Bylaws</i> serves as a formalized statement of the Board’s mandate.</p> <p><i>Practice note (i):</i> The Board approved a strategic plan for the University of Regina in July 2009. A performance measurement framework to monitor the implementation of the strategic plan was approved at its May 2010 Board meeting and subsequently updated and approved at its</p>

<p>effectiveness referred to in guideline 5. In describing the responsibilities of the board, it would be appropriate for the corporation to describe: (i) decisions requiring prior approval of the board; (ii) measures for receiving shareholder feedback; and (iii) the board's expectations of management.</p>	<p>February 2012 Board meeting. Board approved targets are set annually and reported against. (ii) The Board continues to use a skills based matrix for governors to inform order-in-council appointments, as required. This matrix is updated annually. The skills based matrix also informs key developmental areas for Board members. (iii): A framework for decisions requiring prior approval of the Board, including policies already approved by the Board was reviewed and approved in February 2008. The Board undertook in 2012 to update its Bylaws that align with the policy framework. Management has also initiated a project to update and improve the communication of its policies. The Board approved a policy on Policy Governance in 2012. (iv): There are no shareholders, but the University participates in regular surveys of students and conducts its own regular surveys of public perceptions. (v): Board-approved policies and the explicit annual charge to the President communicate the Board's expectations to management. (vi): The President reports in writing at every Board meeting status of progress against goals.</p>
<p>1a. The adoption of a strategic planning process.</p>	<p>Status: Compliance</p> <p>The terms of reference of the Governance and Nominations Committee include reviewing and making recommendations to the Board on the University's strategic plan and "developing a mechanism for the Board to participate in the more in-depth reviews and revisions that are done periodically." The University's Strategic plan for 2009-2014 was approved by the Board at its July 2009 meeting. The Board informs and annually approves the University of Regina's Operations Forecast which is provided to the Ministry of Advanced Education in the fall of each year.</p>
<p>1b. The identification of the principal risks of the corporation's business and ensuring the implementation of appropriate systems to manage these risks.</p>	<p>Status: Compliance</p> <p>The University commissioned an Enterprise-wide Risk Management Study in 2004. Subsequently, the Board established a separate Audit &amp; Risk Management Committee with oversight responsibilities for enterprise risk management. The Committee considers the overall policy, framework, and risk registry being prepared by management and satisfies itself and, in turn, the Board, that management has adequate systems in place for identifying, assessing and appropriately managing risks.</p> <p>A Coordinator, Enterprise Risk Management, reports on risk through the President to the Board. An Enterprise Risk Management policy and framework have been approved for the University and is in the process of being updated to align with ISO 31000 standards. An Enterprise-wide risk register has been developed and is updated annually. This information is communicated to the Committee. The appropriate systems/procedures/risk owners to manage these risks are being established. The website contains a section devoted entirely to enterprise risk management for the University, along with the existing mitigation strategies.</p>

	<p>The President’s duties and responsibilities generally include: developing and recommending strategic business plans to the Board that ensure the organization’s overall success; identifying the principal risks of the University’s operation and implementing appropriate systems to manage these risks; and informing the Board of all significant operational and financial matters relevant to <i>The Act</i> and Board policy.</p>
<p>Ic. Succession planning, including appointing, training, and monitoring senior management.</p>	<p>Status: Compliance</p> <p>The Board monitors the performance of the President through a written annual report, 360 ° review and a written response. The annual performance review of the President is now done by an independent, third party. The performance of the management team is monitored through reports from the President to the Board.</p> <p>The Board has established policies for the collegial and consultative processes that determine recommendations for senior management appointments. Although the Board does not have the authority to do explicit succession planning given the nature of the processes used for these appointments, the President is responsible for identifying and developing those with leadership skills and reporting on these matters to the Board. The President reports confidentially to the Board annually a summary of the performance evaluation of her senior team. Pursuant to <i>The Act</i>, the Board approves annually who will succeed the President on an interim basis in the event that this is ever needed.</p>
<p>Id. A communications policy for the corporation.</p> <p><i>Practice note:</i> In assuming responsibility for the communications policy of the corporation, the Board should ensure that the policy: (i) addresses how the corporation interacts with analysts and the public; (ii) contains measures for the corporation to avoid selective disclosure; and (iii) is reviewed annually.</p>	<p>Status: Compliance</p> <p>The President is the primary spokesperson for the University. On matters not considered urgent, this responsibility can be delegated by the President. The Board Chair is the only person, unless delegated to the President or another board member, who is authorized to speak for the Board.</p> <p>The strategic plan approved by the Board requires management annually to develop a communication plan. The achievement of the goals established through the strategic plan are normally communicated through the Performance Measurement Framework.</p> <p><i>Practice note:</i> Once approved, the minutes of Board meetings are public documents. The Board also approves publication of the Annual Report, which includes the audited Financial Statements and a report on progress within the Management Discussion and Analysis section. The President’s reports to the Board regarding the performance of the University towards the Board approved objectives are also public documents available on the web.</p>
<p>Ie. The integrity of the corporation’s internal control and management information systems.</p>	<p>Status: Compliance</p> <p>Through its Audit and Risk Management Committee, the</p>

	<p>Board assesses the integrity of the University’s internal control and management information systems. The committee meets with senior management regularly and with independent auditors annually to review and discuss such matters. The Audit and Risk Management Committee reports to the Board and its recommendations are subject to Board approval.</p>
<p>2a. The Board should be constituted with a majority of individuals who qualify as “unrelated” directors.</p>	<p>Status: Compliance</p> <p>Governors are appointed or elected in accordance with <i>The University of Regina Act</i>. The Board is composed of 11 individuals: the Chancellor (elected by Convocation); the President (appointed by the Board); five governors appointed by the Lieutenant-Governor-in-Council (on the recommendation of, and acceptable to the Board pursuant to the agreed Memorandum of Understand between the Province and the Universities); two governors elected by Senate; one student who is President of the Students’ Union; and one member of the faculty (elected by members of Council). The President is the only member from management on the Board, and the President of the Students’ Union and the faculty representative also have vested interests in some decisions, but the three together still comprise a minority of the Board membership. As well, the terms of reference for some committees clearly exclude ‘related’ governors (e.g., Audit and Risk Management), and the President is excluded from membership on <i>ad hoc</i> committees on faculty appeals and from voting on recommendations of those committees at the Board.</p> <p>Note: “Unrelated director” means a director who is independent of management and is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director’s ability to act with a view to the best interests of the company, other than interests and relationships arising from shareholding. (<i>TSX Company Manual</i>, page 5, Sec. 472, Disclosure Requirements).</p>
<p>2b. The Board should disclose if the corporation has a “significant shareholder” and how the Board reflects the interests of shareholders other than the significant shareholder.</p>	<p>Status: Compliance</p> <p>There are no shareholders, hence no “significant shareholder.” Governors take into account the interests of the various constituencies from which they themselves are drawn but operate at the Board as the public trustees of the University. Governors and the officers of the University disclose annually, in writing, potential conflicts of interest and commitment. Governors and members of the senior leadership team review and complete the conflict of interest and confidentiality policy annually.</p> <p>The University receives the majority of its operating and capital funds from the provincial government, which also appoints five of the 11 governors. Consequently, the University acknowledges the Government of Saskatchewan and all Saskatchewan Crown agencies as related parties to</p>

	<p>the University in its full annual financial statements. These statements are provided to the Legislative Assembly and are published on the University’s website.</p>
<p>3. The Board should disclose whether the Board has a majority of unrelated directors with an analysis of how this conclusion was reached. The application of the definition of “unrelated director” to the circumstances of each individual director should be the responsibility of the Board which will be required to disclose on an annual basis whether the Board has a majority of unrelated directors.</p>	<p>Status: Compliance</p> <p><i>The University of Regina Act</i> provides the basis for this in the mixed nature of Board membership. However, each year the Board addresses this issue at its first meeting, with all relationships among governors and the University explicitly revealed. The Board has a conflict of interest policy and documented procedures in the <i>Board Bylaws</i> in which governors may be required to absent themselves from certain decisions. The Board Chair also explicitly asks all Board members prior to the start of the meeting if there are any conflicts of interest to be disclosed prior to the start of the meeting.</p>
<p>4. The Board should appoint a committee of directors composed exclusively of outside, i.e. non-management directors, a majority of whom are unrelated, with the responsibility for proposing to the full Board new nominees to the Board and for assessing directors on an ongoing basis.</p> <p><i>Practice note:</i> The full Board should engage in a disciplined process to determine, in light of the opportunities and risks facing the corporation, what competencies, skills and personal qualities it should seek in new governors in order to add value to the corporation. The results of such a discussion provide a framework for the work of those directors charged with developing lists of candidates. Prospective candidates, once identified, can be approached by the chair of the board, the chair of the nominating committee or another director appointed by the board to be responsible for recruiting directors, with or without the CEO, to explore their interest in joining the board.</p>	<p>Status: Compliance</p> <p>With respect to Board appointments made by the Lieutenant-Governor-in-Council, the Governance and Nominations Committee uses the information provided by the skills matrix as well as solicits suggestions from all governors. The majority of governors of this Committee are non-related, and while the President is on the Committee <i>The University of Regina Act</i> gives the President a special status. Once the Board agrees on a list of nominees, the names are sent to Government for consideration. A Memorandum of Understand (recently updated and soon to be approved) with the provincial government outlines the protocol for order-in-council appointments and requires that the Minister selects candidates from a list of nominees acceptable to both the Board and the Minister.</p> <p><i>Practice note:</i> A list of priority attributes and skills is developed, based on regular Board evaluations and assessments of emerging needs. This is updated when opportunities for new appointments arise and is approved by the full Board. This practice has been formalized as a responsibility as defined in the terms of reference of the Governance and Nominations Committee.</p>
<p>5. The Board should implement a process for assessing the effectiveness of the Board as a whole, the committees of the Board and the contribution of individual directors.</p> <p><i>Practice note:</i> In describing the process for assessing board, committee and director effectiveness, identify which director or committee of the board has responsibility for these assessments and how frequently these assessments are made.</p>	<p>Status: Compliance</p> <p>Guided by the Governance and Nominations Committee, the Board conducts written evaluations of itself as a whole annually. The entire Board reviews the results of the assessments and changes are then implemented to improve Board effectiveness. The Board also reviews its committees annually. The Governance and Nominations Committee takes the lead on Board evaluations and the review of committees. The Board Chair also conducts exit interviews will all departing governors.</p>
<p>6. The Board should provide an orientation and education program for new directors.</p> <p><i>Practice note:</i> Boards should ensure that prospective candidates fully understand the role of the board, the</p>	<p>Status: Compliance</p> <p>The <i>Board of Governors Handbook</i> has been revised following the approval of the <i>Board Bylaws</i>. It is distributed to new governors as part of their orientation to</p>

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<p>role of the committees of the board and the contribution individual directors are expected to make, including in particular, the commitment of time and energy that the corporation expects of its directors.</p>	<p>the Board. Orientation meetings are held by the Secretary, President and Chair when new governors are appointed. The Chair has adopted a practice of asking veteran governors to mentor new governors.</p>
<p>7. The Board should examine its size with a view to facilitating more effective decision-making.</p>	<p>Status: Compliance</p> <p><i>The University of Regina Act</i> determines the composition of the Board. The Board took the opportunity to respond to the provincial government in late 2005 about the composition of the Board, with the result that the number of Order-in-Council positions was reduced from six to five, lowering the proportion from one-half of the positions to a minority. When all positions are filled, the statutory membership of 11 appears to be optimal for effective decision making.</p>
<p>8. The Board should review the adequacy and form of the compensation of directors to ensure the responsibilities and risks involved in being a director are related.</p> <p><i>Practice note:</i> University Boards differ from ‘for profit’ organizations in the adequacy and form of the compensation of directors. The University of Regina Act allows that governors be compensated at a sum to be determined by the Board. In setting the level of compensation, the Board has considered the responsibility and risks involved in being a board member along with comparisons to the other ‘not for profit’ boards in Saskatchewan, and post secondary institutions in Saskatchewan.</p>	<p>Status: Compliance</p> <p>The university acts in Saskatchewan are unusual in permitting a stipend to be paid to governors. In 2004, the Board adopted a provincial Treasury Board Guidelines for high responsibility public boards. The stipends thus provided reflect the view that the Board is a public service responsibility rather than a component of a member’s employment. The board stipend policy was reviewed in 2007 with a change approved to include an annual lump sum amount to the Board Chair and Board Vice-Chair. The Board will be reviewing this policy in 2013-14.</p>
<p>9. Subject to guideline 13, Board Committees should generally be composed of outside directors, a majority of whom are unrelated directors, although some board committees may include one or more inside directors.</p>	<p>Status: Compliance</p> <p>All Board committees have at least half their governors drawn from outside directors. In the case of the Audit and Risk Management Committee, the terms of reference clearly indicate that the governors must be “independent members of the Board (i.e., no governor who is also an employee of the University)”. This excludes the President and the faculty representative on the Board. It is now stated explicitly in the Human Resources Committee terms of reference that the faculty representative on the Board cannot be a member of this committee due to a potential conflict of interest.</p>
<p>10. The Board should appoint a Committee responsible for developing the corporation’s approach to governance issues and these guidelines.</p>	<p>Status: Compliance</p> <p>The Governance and Nominations Committee and the Audit and Risk Management Committee have this responsibility, depending on the governance matter that is being considered. In reviewing the <i>Board Bylaws</i>, the Board of Governors created a special <i>ad hoc</i> committee for this purpose.</p>
<p>11a. The board, together with the CEO, should develop position descriptions for the board and for the CEO, including the definition of the limits to management’s responsibilities. In addition, the board should approve or develop the corporate objectives which the CEO is responsible for meeting and assess</p>	<p>Status: Compliance</p> <p>Terms of reference for the Board, Governors, the Governance and Nominations Committee, the Chair of the Board and the President are set out in the recently revised <i>Board Bylaws</i>. On the recommendation of the Governance</p>

<p>the CEO against these objectives.</p> <p><i>Practice note:</i> The board or a committee of the board should assess the CEO, and if a committee conducts the assessment, the results should be reported to the board.</p>	<p>and Nominations Committee, the Board approves the process for the President’s reviews.</p> <p>The Board and the President annually agree in writing on the President’s objectives.</p> <p><i>Practice note:</i> The President’s assessment is carried out through the Governance and Nominations Committee, following a Board approved process for the annual presidential performance assessment with the results being reported to and discussed by the Board. This policy was updated in February 2012 to better align with the university’s strategic planning cycle. Input from a wide variety of stakeholders must be sought late in the third year or early in the fourth year of the President’s term and may be sought in other years. The assessment is also now done by a third party who reports confidentially to the Board.</p>
<p>11b. The Board should develop the corporate objectives which the CEO is responsible for meeting.</p>	<p>Status: Compliance</p> <p>The Board annually reviews the targets, objectives and key results in the University’s <i>Strategic Planning Document</i> for which the President is responsible and accountable annually, as well as the President’s personal objectives for each year. The Board also reviews results, measured against the <i>Performance Measurement Framework</i> on a semi-annual basis.</p>
<p>12. The Board should implement appropriate structures and procedures to ensure that the Board can function independently of management.</p> <p><i>Practice note:</i> Discuss board effectiveness, management of the board and liaison between the board and management in describing the mandates of the board, committees of the board and of the chair of the board.</p>	<p>Status: Compliance</p> <p>Terms of reference for the Chair, the Governance and Nominations Committee and the President describe the structures and procedures and are all subject to review and approval by the Board.</p> <p>The Board has outside governors as Chair, Vice-Chair and governors of the Audit and Risk Management Committee. The Chair’s responsibilities include ensuring, in collaboration with the University Secretary, that adequate and proper information is made available to the Board. The Board meets <i>in camera</i> i) without the vice-presidents and ii) without the President and vice-presidents at its discretion. Such <i>in camera</i> sessions are regularly scheduled for all meetings of the full Board.</p>
<p>13. The audit committee of the Board should be composed only of outside directors and its roles and responsibilities should be specifically defined. All of the directors of the audit committee should be financially literate and at least one member should have accounting or related financial expertise. Each board shall determine the definition of and criteria for “financial literacy” and “accounting or related financial expertise.” The board should adopt a charter for the audit committee which sets out the roles and responsibilities of the audit committee.... [sentence truncated].</p> <p><i>Practice note (i):</i> An acceptable definition of</p>	<p>Status: Compliance</p> <p>The Board created a new Audit and Risk Management Committee in 2005 and approved the terms of reference for it which outline its responsibilities.</p> <p>The Audit and Risk Management Committee has only outside governors of the Board. A majority of governors on this committee consider themselves to be financially literate. The Committee contains at least one member with accounting or related financial expertise.</p> <p>The Board normally holds a half-day workshop on fund accounting and has built a fund accounting refresher into its</p>

<p>“financial literacy” is the ability to read and understand a balance sheet, an income statement and a cash flow statement. An acceptable definition of “accounting or related financial expertise” is the ability to analyze and interpret a full set of financial statements, including the notes attached thereto, in accordance with Canadian generally accepted accounting principles.</p> <p><i>Practice note (ii):</i> The audit committee charter should set out explicitly the role and responsibility of the audit committee with respect to: (i) its relationship with and expectation of the external auditors including the establishment of the independence of the external auditor; (ii) its relationship with the expectation of the external auditor function; (iii) its oversight of internal control; (iv) disclosure of financial and related information; and v) any other matters that the audit committee feels are important to its mandate or that the board chooses to delegate to it.</p> <p><i>Practice note (iii)</i> The audit committee should discuss with the auditor the quality and not just the acceptability of the corporation’s accounting principles. The audit committee should implement structures and procedures to ensure that it meets the auditors on a regular basis in the absence of management.</p>	<p>annual plan.</p> <p><i>Practice note (i):</i> Governors are aware of and comfortable with these definitions.  (ii): The terms of reference for the Committee address these issues explicitly.  (iii): The Committee meets regularly with the auditor and does review the quality of the accounting principles used at the University.</p>
<p>14. The board should implement a system which enables individual directors to engage outside advisers at the expense of the corporation in appropriate circumstances. The engagement of the outside advisor should be subject to the approval of an appropriate committee of the Board.</p>	<p>Status: Compliance</p> <p>With the approval of the Governance and Nominations Committee, individual governors may retain outside advisors.</p>