

Governance Practices (Fiscal 2018-2019):
Compliance with the Adapted TSX Corporate Governance Guidelines

University of Regina
Board of Governors

As a sound governance practice, the University of Regina Board of Governors decided a number of years ago to assess itself against the Adapted TSX Corporate Governance Guidelines. These are used by the University of Regina Board of Governors as a manner of monitoring its progress in light of best practices.

In summary, and keeping in mind that the Adapted TSX Guidelines are not a perfect fit for postsecondary institutions such as the University, the Board is substantially 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.

Guidelines	Practices
<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 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>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, budget allocations, expenditures, business and affairs of the institution as defined by <i>The University of Regina Act</i>.</p> <p>The Roles and Responsibilities of the Board as set out in the <i>Board Bylaws</i> (section 3.2) serves as a formalized statement of the Board’s mandate.</p> <p><i>Practice note (i):</i> <i>The University of Regina Act</i> sets out decisions requiring prior Board approval. These requirements are reflected and further refined in the Approval Authorities and Execution of Documents policy. In addition, the Board approved a revised Policy Governance policy in 2017. The University has been working over the last several years to update all of its enterprise-wide policies, with many receiving final Board approval. (ii): There are no shareholders, but the University participates in regular surveys of students, faculty and staff and conducts surveys of public perception for a variety of purposes (recruitment, fundraising, alumni engagement, etc.). There is frequent and regular reporting and communication with the Ministry of Advanced Education (a significant stakeholder) (iii) The President’s responsibilities and powers are set out in <i>The University of Regina Act</i>, section 79 and 80. In addition, the President reports in writing and at every Board meeting a status update of the University’s progress against approved goals.</p>
<p>1a. The Board should explicitly assume responsibility for the adoption of a strategic planning process.</p>	<p>Status: Compliance</p> <p>The terms of reference of the Governance and Nominations Committee include oversight of the University’s strategic plan development including to “develop mechanisms for the Board to participate in the periodic in-depth reviews and revisions.” The University’s</p>

	<p>most recent strategic plan for 2015-2020 was approved by the Board in November 2014. A performance measurement framework is utilized to monitor progress towards specific strategic goals, with frequent reporting to the Board of Governors.</p>
<p>1b. The Board should explicitly assume responsibility for 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 Audit & Risk Management Committee provides oversight responsibilities for enterprise risk management. The Committee considers the overall policy, framework, and risk registry prepared by management to confirm for itself and the Board that adequate systems are in place for identifying, assessing and appropriately managing risks.</p> <p>The Enterprise Risk Management framework, which is aligned with the standards outlined in ISO 31000, was updated and approved by the Board in December 2016. An enterprise-wide risk register is developed and updated annually, and was most recently approved by the Committee in March 2019. Relevant controls/procedures/risk owners are established to monitor and manage these risks.</p>
<p>1c. The Board should explicitly assume responsibility for 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 led by an independent third party. The performance of the senior executive 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 administrative appointments. Although the Board does not have the authority to undertake 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 on the performance 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. The Delegation of Authority policy includes the designees, in order of delegation, in cases where senior executives (including the President) are absent, unable to act, or there is a vacancy in the office.</p>
<p>1d. The Board should explicitly assume responsibility for a communications policy for the corporation.</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 on behalf of the Board.</p> <p>The achievement of the goals established through the</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>strategic plan are communicated through the Performance Measurement Framework and published in the University’s Annual Report.</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, a report on progress within the Performance Measurement Framework and a Risk Management section. The President’s regular reports to the Board regarding the University’s performance towards the Board approved objectives are also public documents available on the University web page.</p>
<p>1e. The Board should explicitly assume responsibility for 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 Board assesses the integrity of the University’s internal control and management information systems. The committee meets with senior management and the internal auditor 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. The Office of Internal Audit Charter is reviewed annually by the Board of Governors. The Charter formally defines the purpose, authority, and responsibility of the internal audit activity at the University. The Board of Governors also approves the risk-based Annual Internal Audit Plan annually. The Internal Audit Office works with faculties, academic and administrative units, including ERM, towards mitigating risks and improving internal controls, enhancing the efficiency and effectiveness of the University’s functions, and ensuring compliance with the University’s policies and procedures.</p>
<p>2a. The Board should be constituted with a majority of individuals who qualify as “unrelated” (independent of management and free from any business or other relationship with 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 organization).</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 Understanding 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 constitute a minority of the Board membership. As well, the terms of reference for some committees (e.g. Audit and Risk Management) clearly exclude ‘related’ governors, and the President is excluded from membership on <i>ad hoc</i> committees on faculty appeals and from voting</p>

	on recommendations of those committees at Board meetings.
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>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 policy annually.</p> <p>The University receives a large proportion of its operating and capital funds from the provincial government. Consequently, the University acknowledges the Government of Saskatchewan and all Saskatchewan Crown agencies as related parties to 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>
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>Status: Compliance</p> <p><i>The University of Regina Act</i> provides the basis for this in the mixed nature of Board membership. 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 every meeting if there are any conflicts of interest to be disclosed.</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: Partial 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 and solicits suggestions from all governors. The majority of governors of this Committee are non-related, and while the President is on the Committee, the benefit of the President’s advice and input outweighs the potential downside resulting from the President’s exclusion. Once the Board agrees on a list of nominees, the names are sent to Government for consideration</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>
5. The Board should implement a process for assessing the effectiveness of the Board as a whole,	Status: Partial Compliance

<p>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>Guided by the Governance and Nominations Committee, the Board conducts an annual self-evaluation. 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 conducts exit interviews with all departing governors, but individual director assessments are not typically undertaken.</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 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>Status: Compliance</p> <p>The <i>Board Orientation</i> handbook is updated annually. It is provided to new governors as part of their orientation to the Board. Orientation meetings are held by the University Secretary and Chair when new governors are appointed. Most board meetings also include a professional development and/or information session for continued orientation to the University, and governors are alerted to and supported in continued professional development through organizations such as Johnson-Shoyama School of Public Policy, and the Institute of Corporate Directors.</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. When all positions are filled, the statutory membership of 11 functions very well for effective decision making, and allows all Board members to engage in committee membership, thereby increasing their depth of understanding through discussion of motions by committee members prior to recommendation for full Board approval.</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 permit a stipend to be paid to governors. In 2004, the Board benchmarked against provincial Treasury Board Guidelines for high responsibility public boards. The board stipend policy was reviewed in 2013 and again in 2016 to ensure continued alignment with the provincial Treasury Board Guidelines. The Board Member Honorarium and Expenses policy was updated in 2016 and is published on the University policy website.</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)”, thus excluding the President and the faculty representative on the Board. It is also</p>

	<p>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 is tasked with this responsibility.</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 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>Status: Compliance</p> <p>Terms of reference for the Board and Officers of the Board (Chair, Vice-Chair, President and Secretary) are set out in the <i>Board Bylaws</i>.</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. 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 initial assessment is performed 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 regularly reviews results, measured against the <i>Performance Measurement Framework</i>.</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>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. At its discretion, the Board meets <i>in camera</i> i) without the vice-presidents and ii) without the President and vice-presidents. 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</p>	<p>Status: Compliance</p> <p>The Audit and Risk Management Committee has only outside governors of the Board. The Committee members (including the chair) have considerable business acumen and are financially literate in regards to University operations.</p> <p>The Board has periodically held a Financial Orientation</p>

<p>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 “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>for Governors, with the last one provided to all Board members in March 2017.</p> <p><i>Practice note (i):</i> Governors are aware of and comfortable with these definitions.</p> <p>(ii): The terms of reference for the Committee address these issues explicitly.</p> <p>(iii): The Committee meets regularly with the Provincial Auditor and reviews the accounting policies selected by the University. The Audit and Risk Management committee regularly holds in-camera meetings with both external and internal auditors, with management excused.</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 Board, any committee may retain outside advisors as required, as noted in section 10.4 of the Board Bylaws.</p>