

CREDIT UNION DEPOSIT GUARANTEE CORPORATION
MANDATE AND ROLES DOCUMENT
made December 18, 2019 (the "Effective Date")

This Mandate and Roles Document has been developed jointly by the Credit Union Deposit Guarantee Corporation and the President of Treasury Board, Minister of Finance, pursuant to the *Alberta Public Agencies Governance Act*. It replaces the Mandate and Roles Document signed in March 2010.

1. INTRODUCTION

1.1 Definitions:

In this document:

- "APAGA" means the *Alberta Public Agencies Governance Act*, including any amendments;
- "Board of Directors" means Directors appointed by the Lieutenant Governor in Council in accordance with the *Credit Union Act*;
- "Chair" means the Chair of the Board of Directors of CUDGC;
- "CUDGC" means the Credit Union Deposit Guarantee Corporation;
- "Department" means the Department of the Minister, currently established as the Department of Treasury Board and Finance of the Government of Alberta;
- "Deputy Minister" means the Deputy of the Minister or, if the Minister has more than one Deputy, the Deputy whose responsibilities include CUDGC;
- "Director" means a Director of the CUDGC Board of Directors as appointed pursuant to the *Credit Union Act* (Alberta);
- "Government of Alberta" has the same meaning as "Her Majesty the Queen in right of Alberta" and "Crown in right of Alberta";
- "Minister" means the President of Treasury Board, Minister of Finance, or such other Minister of the Government of Alberta as is designated by the *Government Organization Act* (Alberta) as the Minister responsible for the *Credit Union Act*;
- "MRD" means this Mandate and Roles Document;
- "President and CEO" means the President and Chief Executive Officer of CUDGC; and
- "Vice-Chair" means the Vice-Chair of the Board of Directors of CUDGC.

1.2 Nature of this Document:

This MRD is made by CUDGC and the Minister pursuant to and in accordance with the requirements of section 3 of APAGA. This MRD is not a contract, nor does it establish or create legal obligations. Rather, it describes and reflects the mandate of CUDGC, its relationship with the Minister and the Department, its governance and operational structure, and respective roles and responsibilities.

APAGA requires that this MRD be reviewed and renewed, amended or replaced within three years after it was made or most recently amended.

2. GOVERNING LAW

2.1 Statutory Mandate of CUDGC:

The *Credit Union Act* establishes CUDGC as a corporation with the responsibility to guarantee deposits and provide risk-based regulatory oversight to enable a safe and sound credit union system in Alberta.

In fulfilling this mandate, the Government of Alberta expects CUDGC to:

- Cost effectively:
 - Guarantee the repayment of all deposits held with Alberta credit unions;
 - Regulate credit unions and enforce the *Credit Union Act* and its regulations;
- Review, advise and direct credit unions on sound business practices;
- Monitor credit union performance and, when appropriate, implement measures to stabilize credit unions, improve performance and reduce risks;
- Establish particular credit union loan approval limits and constitute a special loans committee to determine the approval of loans exceeding these limits;
- Be operationally independent from the Government of Alberta. Day-to-day operation and management are business-operating decisions and must be made within the framework of CUDGC's incorporating legislation, the strategic framework set by the business plan and this MRD; and,
- Conduct itself in accordance with legal and statutory provisions applying to provincial corporations. CUDGC is also to conduct itself in accordance with policies of general application to Government of Alberta agencies, boards, and commissions.

2.2 CUDGC Status:

CUDGC is not a statutory agent of the Crown in right of Alberta; however, the Crown in right of Alberta has a statutory obligation pursuant to the *Credit Union Act* to ensure that CUDGC carries out its obligations to guarantee the repayment of all deposits made with credit unions in Alberta.

2.3 Regulations:

CUDGC is also governed by regulations made under the *Credit Union Act*, specifically the Credit Union (Principal) Regulation and the Credit Union (Ministerial) Regulation.

2.4 Other Governing Legislation:

In addition to the *Credit Union Act* and its regulations, CUDGC has duties and obligations under various other Alberta statutes (and, the regulations made under those statutes), most significantly the following:

- The *Financial Administration Act* (Alberta), which governs CUDGC as a “Provincial corporation” and as a “Provincial agency”;
- APAGA, which applies to CUDGC as a “public agency” under that Act;
- The *Conflicts of Interest Act*, which requires CUDGC to implement a code of conduct in accordance with the requirements of that Act;
- The *Fiscal Planning and Transparency Act*, which requires CUDGC, as an “accountable organization” which is part of the Minister’s “ministry”, to provide a business plan and annual report for each fiscal year;
- The *Freedom of Information and Protection of Privacy Act*, which applies to CUDGC as a “public body” under that Act;
- The *Lobbyists Act*, which applies to CUDGC as a “prescribed Provincial entity”;
- The *Public Interest Disclosure (Whistleblower Protection) Act*, which applies to CUDGC as a “public entity” under that Act;
- The *Public Sector Compensation Transparency Act*, which applies to CUDGC as a “public sector body” under that Act; and
- The *Reform of Agencies, Boards and Commissions Compensation Act*, which includes obligations to provide the Minister with information on CUDGC’s compensation policies, plans, guidelines, programs and studies, and pursuant to which a “compensation framework” has been prescribed in relation to CUDGC.

Because CUDGC is a “Provincial corporation”, the Auditor General of Alberta is the auditor of CUDGC.

CUDGC's procurement practices are subject to the New West Partnership Trade Agreement and the Canadian Free Trade Agreement, entered into by the Government of Alberta.

3. CUDGC OPERATIONS

3.1 Corporate Administration:

CUDGC has its own employees, and is operationally independent of the Government of Alberta.

CUDGC funds its operations through:

- Assessment fees and other revenues it receives from credit unions with respect to CUDGC's mandate and roles; and
- Investment income.

3.2 Regulatory Functions:

CUDGC undertakes the following regulatory functions:

- Implement and manage processes and activities aimed at maintaining a safe and sound Alberta credit union system;
- Provide continuous monitoring and assessment of credit unions' capital and liquidity, financial position and solvency, management procedures and standards, business or financial practices, governance effectiveness, risk management practices, internal control framework, and compliance with the *Credit Union Act*;
- Engage in ongoing contact with credit union boards and management, regular site visits and periodic compliance testing;
- Develop and implement appropriate strategies to reduce risk to acceptable levels, when problems are identified;
- Provide oversight of credit risk, which involves establishing particular lending limits for credit unions, monitoring of credit union portfolios, aggregate system credit risk, underwriting quality and compliance controls;
- Monitor post-review of credit transactions approved by credit unions within their lending limits and credit unions under supervision;
- Conduct on-site testing of compliance controls and analysis of trends and key risk indicators;

- Review, assess and approval or decline of credit applications that exceed credit unions' lending limits; and
- Provide various regulatory approvals and/or recommendations, which include investment policy approvals, establishing lending limits, amalgamation requests, release from supervision, special loan programs, etc.

3.3 Budget and Planning:

The fiscal plan, business plan, and ministry annual report that is required to be prepared annually by the Minister pursuant to the *Fiscal Planning and Transparency Act* will include reference to CUDGC since CUDGC is part of the ministry of the Minister. Accordingly, CUDGC will, in consultation and collaboration with the Department, prepare an annual budget and operational plan.

3.4 Subsidiaries:

CUDGC does not have any subsidiaries as of the Effective Date. CUDGC can form or acquire a subsidiary with the approval of the Lieutenant Governor in Council as per the *Credit Union Act*.

4. GOVERNANCE

4.1 Directors:

The CUDGC Board of Directors consists of Directors who are appointed by an order of the Lieutenant Governor in Council. A Director is appointed for a fixed term, which will generally not exceed 3 years, with the potential for reappointment subject to serving a total maximum of 10 consecutive years in accordance with section 14 of APAGA.

From amongst the Directors, the Minister shall designate a Chair and a Vice-Chair.

The recruitment and nomination process for Directors is guided by provisions of APAGA and is subject to generally applicable policies and processes established by the Government of Alberta, with respect to the recruitment and appointment of agency directors.

4.1(1) Responsibilities of the Board of Directors

- The Board of Directors holds a planning meeting annually for the development of a budget and business plan. The final budget and business plan are approved by the Board of Directors and submitted to the Minister for approval;
- The Board of Directors oversees the risks of CUDGC including review of the Enterprise Risk Management Report. The risks of CUDGC are reviewed on a regular basis through

an enterprise risk management framework, the planning process and at Board of Director and committee meetings;

- The Board of Directors oversees the risks in Alberta credit unions through review of the system update, which includes various reports;
- The Board of Directors approves the annual report;
- The Board of Directors administers the MRD, between the Minister and CUDGC;
- The Board of Directors reviews committee memberships and Terms of Reference annually;
- The Board of Directors approves and monitors the policies of CUDGC;
- The Board of Directors reviews recommendations from the committees and establishes ad hoc committees of the Board as needed;
- The Board of Directors establishes appropriate Deposit Guarantee Fund size and sets the assessment rates charged to credit unions; and
- The Board of Directors approves CEO selection, performance evaluation, termination, succession planning and compensation. Compensation is subject to the *Reform of Agencies, Boards and Commissions Compensation Act* and other applicable policies set by the Government of Alberta.

4.2 Officers, Committees and Bylaws:

The President and CEO is the chief administrative officer of CUDGC.

The Directors have established the following committees:

- Audit and Finance (also performs the functions of a special loans committee); and
- Governance and Human Resources.

The Directors can establish other committees necessary to carry out their functions and duties.

The Directors are empowered to make bylaws governing the business and affairs of CUDGC.

4.3 Code of Conduct:

CUDGC has, in accordance with APAGA and the *Conflicts of Interest Act*, effected a code of conduct (including the process for administering the code of conduct) governing:

- The conduct of Directors; and
- The conduct of employees of CUDGC,

which has been made available to the public on its website.

Under the *Conflicts of Interest Act*, the Ethics Commissioner, as an independent officer of the Alberta Legislature, has final review and approval.

4.4 Respective Roles and Responsibilities:

The respective roles and responsibilities in relation to CUDGC are summarized as follows:

- CUDGC is responsible for carrying out its statutory mandate, complying with other applicable enactments, and performing its contractual obligations;
- The Chair is responsible for representing the Board of Directors, with direction from the Board of Directors;
- The Directors are collectively responsible for the strategic management and direction of CUDGC;
- The President and CEO is responsible for recommending and implementing the strategic direction, and for the day-to-day operations of CUDGC;
- The Minister is responsible for overseeing the overall governance and operations of CUDGC as a Provincial agency, and is responsible for the *Credit Union Act*; and
- The Department is responsible for supporting the Minister in the above functions.

Further, pursuant to APAGA, the Minister must:

- Participate in setting CUDGC's long-term objectives, and short-term targets, if any;
- Monitor whether CUDGC is acting within its mandate and achieving its long-term objectives and short-term targets, if any; and

- Advise CUDGC of any applicable government policies with respect to CUDGC’s activities or operations.

4.5 Accountability:

CUDGC and its Directors are ultimately accountable to the Minister and the Government of Alberta.

The President and CEO is accountable to the Board of Directors.

5. REPORTING AND COMMUNICATIONS

5.1 Reporting and Accounting:

CUDGC is part of the consolidated reporting entity for purposes of the financial statements of the Government of Alberta, and pursuant to the *Fiscal Planning and Transparency Act* must provide an annual report in a form and containing information as directed by the Department on behalf of the Minister.

The Minister may from time to time request from CUDGC additional reporting, which may be either specific or general, and either periodic or one-time.

CUDGC is a “government business enterprise” for accounting purposes.

5.2 Communications:

CUDGC and the Department jointly believe that regular and open communication between them are foundational to an effective working relationship. To that end, multiple avenues of communication are employed, including the following:

- Between the Chair and the Minister;
- Between the President and CEO and the Deputy Minister; and
- Between various officials of CUDGC and the Department.

In particular, it is expected that CUDGC and the Department will provide timely notice to each other of any of the following:

- Planned legislative amendments, other activities that would have a significant impact on the responsibilities or activities of the other, or that would have a significant impact upon, or be of significant concern to any applicable credit unions, stakeholders or the regulatory authorities of other jurisdictions;

- Any lawsuits (and any other judicial or quasi-judicial proceedings) threatened or commenced:
 - In respect of the activities carried out by CUDGC; or
 - Against any Director or officer of CUDGC in such capacities; and
- Any involvement in a judicial or quasi-judicial proceeding concerning or having an impact upon Alberta credit union laws and referencing a federal-provincial jurisdiction constitutional issue or a Charter of Rights and Freedoms issue.

The Directors have delegated to the Chair and the President and CEO responsibility for communications with the media.

The Chair, or in their absence, the Vice-Chair will represent the Directors, as needed, in communications. This will incorporate all communications with the Minister including advising the Minister of any media related events.

The President and CEO is responsible for establishing CUDGC’s communication program to address external communications, key messages and a crisis communication strategy.

CUDGC, through a communications program, enables its employees to use good judgment to establish and maintain effective and respectful communications with all stakeholders.

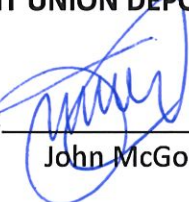
CUDGC’s communications program will adhere to any applicable communication protocols as determined by the Government of Alberta.

5.3 Publication of this MRD:

CUDGC will ensure that the full text of this MRD is publicly accessible on CUDGC’s website.

CREDIT UNION DEPOSIT GUARANTEE CORPORATION

Date: January 22, 2020, 2019

per: 

 John McGowan, Chair

PRESIDENT OF TREASURY BOARD, MINISTER OF FINANCE

Date: December 18, 2019

per: 

 Travis Toews