

LIQUOR BOARD SUPERANNUATION COMMISSION 2018 GOVERNANCE SELF-ASSESSMENT QUESTIONNAIRE

1. Fiduciary Responsibility

The plan administrator has fiduciary responsibilities to plan members and beneficiaries. The plan administrator may also have other responsibilities to other stakeholders.

- a) **Have you identified your fiduciary and other responsibilities to plan members and beneficiaries (i.e., those members currently accruing a pension, those who are in receipt of a pension, and any others who may be entitled to a benefit from the plan)?**

Yes

Comments/Reference/Actions

Section 2.4 of the Liquor Board Superannuation Commission's (the Commission) Governance Manual specifies the fiduciary responsibilities that The Liquor Board Superannuation Act (the LBSA) and The Superannuation (Supplementary Provisions) Act (the SSPA) confer on the Commission.

Section 2.4 of the manual also includes a listing of the Commission's generic fiduciary responsibilities:

- *Act solely in the best interest of plan members and beneficiaries;*
- *Treat members and beneficiaries impartially;*
- *Act with the care, skill and diligence of a prudent person;*
- *Interpret the plan terms fairly, impartially and in good faith;*
- *Prevent personal interests from conflicting with those of the plan; and*
- *Within the scope of its authority, ensure that members and beneficiaries receive the benefits promised.*

b) Have you identified any responsibilities to other stakeholders?

Yes

Comments/Reference/Actions

Section 2.4 includes the Commission's responsibilities to other stakeholders:

"In addition to its primary fiduciary responsibilities, the Commission also bears responsibilities to the following:

- *The Minister;*
- *Labour unions representing members of the Plan;*
- *Organizations and individuals employed by the Commission to provide services to the Commission; and*
- *The Legislative Assembly of Saskatchewan."*

c) Do any delegates have fiduciary duties? If yes, has the fiduciary role been clearly identified and communicated to the delegates?

No

Comments/Reference/Actions

While there is no fiduciary duty imposed by statute or contract, as the delegated administrator of the Liquor Board Superannuation Plan (the Plan) and as a best practice, the Public Employees Benefits Agency (PEBA) administers the Plan:

- *In the best interests of Plan members;*
- *According to the statutes; and*
- *As outlined in the LBSC's governance manual.*

d) Is there a clear delineation between the plan administrator and other roles?

Yes

Comments/Reference/Actions

As a whole, the PEBA Program Order in Council, the Commission's Policy Manual, and the Commission's Governance Manual clearly delineate the roles of the Commission, the Plan administrator, and other service providers.

2. Governance Framework

The plan administrator should establish and document a governance framework for the administration of the plan.

a) Have you established and documented a governance framework for the administration of the pension plan? (new)

Yes

Comments/Reference/Actions

The Commission has a mission statement and a statement of goals (section 3 of the Governance Manual). The Commission's mission statement is available on the website. The mission statement is also communicated to the membership through the Saskatchewan Liquor Board Superannuation Commission Annual Report.

The Commission has implemented Operational Goals and Objectives for the Liquor Board Superannuation Plan. The Operational Goals and Objectives are reviewed annually. The goals identified in the document include:

- Financial Management: The Commission provides sound financial management of the Plan;*
- Service Delivery and Communications: The Commission provides excellent service to the members of the Liquor Board Superannuation Plan; and*
- Performance Measurement: The Commission evaluates the performance of the Plan's service providers.*

3. Roles and Responsibilities

The plan administrator should clearly describe and document the roles, responsibilities and accountability of all participants in the pension plan governance process.

a) Have you identified your roles and responsibilities, including any necessary delegation, for the effective governance of the pension plan?

Yes

Comments/Reference/Actions

Section 9 of the Governance Manual identifies the roles and responsibilities of the Commission. The Commission's primary responsibility is the effective and timely operation and management of the Plan, and it assumes its obligations by outlining its duties in the following areas:

- *Administration;*
- *Plan Design;*
- *Communication;*
- *Funding and Custody;*
- *Investment;*
- *Compliance;*
- *Governance;*
- *Goals and Objectives;*
- *Budgeting;*
- *Commission Effectiveness;*
- *Risk Assessment;*
- *Integrity; and*
- *Orientation and Ongoing Education.*

Section 10 of the Governance Manual identifies the delegation of the Commission's roles and responsibilities as identified above.

The Commission's Governance Manual is reviewed annually.

b) Have you clearly documented expectations for yourself and each of your delegates?

Yes

Comments/Reference/Actions

Section 9 of the Governance Manual identifies the duties and responsibilities of the Commission.

Section 10 of the Commission's Governance Manual identifies the delegation of the Commission's responsibilities and accountabilities.

The Periodic Checklist is completed semi-annually. One section of the checklist tracks the periodic review of contracts between the Commission and its service providers. The review ensures all expectations are specifically included in the contracts and that the contracts and their provisions are sufficient to meet the needs of the Plan.

c) Do you appropriately document decisions related to the pension plan? (new)

Yes

Comments/Reference/Actions

Meeting materials and minutes of Commission meetings provide a record of all Commission decisions related to the pension plan.

4. Performance Monitoring

The plan administrator should provide for the establishment of performance measures and for monitoring the performance of participants who have decision-making authority in the governance process.

a) Have you established and documented clear measures for assessing the performance of all participants in the governance process?

Yes

Comments/Reference/Actions

The Commission's administrator (PEBA) and investment manager are the service providers that have decision-making authority within the scope of the Commission's policies, contracts and legislation which retain the service providers.

The Commission has approved the service standards in place for PEBA.

The Commission's investment policy specifies the performance measures for the Commission's investment manager.

Evaluation processes have been established for the Commission's actuary.

The contracts between the Commission and its service providers are to be reviewed to ensure all expectations are specifically included in the contracts.

The Periodic Checklist, which is received by the Commission at mid-year and at year-end, provides a list of the contracts which are to be reviewed in the year the contract is due, as well as contracts without fixed terms, which are to be reviewed every six years.

b) Do you have a regular performance monitoring, review and remedial process for all participants in the governance process?

Yes

Comments/Reference/Actions

The Periodic Checklist, which is received by the Commission at mid-year and at year-end, provides for regular monitoring of performance of the Commission's service providers.

The Commission's administrator, PEBA, and investment manager are the service providers that have decision-making authority within the scope of the Commission's policies, contracts and legislation.

PEBA's quarterly reports to the Commission report on PEBA's performance with regard to its administrative responsibilities for the Plan. The report the Commission receives consists of PEBA self-reporting on its performance, which the Commission has determined is appropriate for the Commission's governance process.

All of the Commission's service providers are evaluated at least annually. The investment manager is evaluated semi-annually.

5. Knowledge and Skills

The plan administrator, directly or with delegates, has the duty to apply the knowledge and skills needed to meet governance responsibilities.

a) Have you established an ongoing process to identify and fill any gaps in the knowledge and skills needed for the effective governance and administration of the pension plan?

Yes

Comments/Reference/Actions

Section 9 of the Commission's Governance Manual sets out: the Commission responsibilities, Commission Member Attributes, and the Chairperson's responsibilities and duties. This section is reviewed annually as part of the annual Governance Manual review process.

PEBA has established an education policy for management and staff.

b) Do you, together with all delegates, have the necessary qualifications, resources and experience?

Yes

Comments/Reference/Actions

The Commission has set out a formal education program for Commission members. These education requirements are contained in section 7 of the Commission's Governance Manual and are reviewed on an annual basis as part of the Governance Manual review.

The Commission's administrator (PEBA) has an education plan for management and staff.

As required, the Commission retains experts to assist it in its decisions.

6. Governance Information

The plan administrator should establish and document a process to obtain and provide to governance participants appropriate information to meet fiduciary and other responsibilities.

- a) **Have you established and documented a process to obtain and provide to governance participants appropriate information to carry out your fiduciary and other responsibilities?**

Yes

Comments/Reference/Actions

The contract with the Commission's investment manager contains reporting requirements.

The Commission has set service standards for PEBA that are reported to the Commission on a quarterly basis. PEBA's quarterly reports to the Commission also report on PEBA's performance with regard to its administrative responsibilities for the Plan.

The contracts between the Commission and its service providers are to be reviewed to ensure all expectations are specifically included in the contracts. The Periodic Checklist, which is received by the Commission at mid-year and at year-end, provides a list of the contracts which are to be reviewed in the year the contract is due to expire and every six years for contracts without a fixed term.

The Commission has rules and procedures for receiving, reviewing and acting on reports from PEBA and its investment managers in section 5 of its Governance Manual.

7. Risk Management

The plan administrator should establish and document a framework and ongoing processes, appropriate to the pension plan, to identify and manage the plan's risks.

- a) **Have you identified, assessed and prioritized the pension plan's risks?**

Risks to the Plan have been identified and assessed, however they are not specifically prioritized within the Risk Management Plan.

Comments/Reference/Actions

The Commission approves a Risk Management Plan and reviews activities related to risk management annually. The Risk Management Plan document includes the Commission's risk management philosophy, and it articulates the key broad-based risks identified in the Plan.

b) Do you have a continuous process to monitor and manage these risks? (new)

Yes

Comments/Reference/Actions

Activities that mitigate risk for the Plan are tracked and reviewed annually through the Commission's Risk Management Plan and Review.

8. Oversight and Compliance

The plan administrator should establish and document appropriate processes to ensure compliance with the legislative requirements and pension plan documents.

a) Have you identified the legislative requirements, plan documents and any regulatory or plan-specific policies that apply to the pension plan?

Yes

Comments/Reference/Actions

The Periodic Checklist, which is received by the Commission at mid-year and at year-end, identifies the legislative requirements that apply to the Plan. The Governance Manual also contains links to The Liquor Board Superannuation Act, The Superannuation (Supplementary Provisions) Act, The Pension Benefits Act, 1992 and the Income Tax Act (Canada) and applicable Regulations.

The Commission requires its administrator to annually review legislative compliance. PEBA reports this legislative review to the Commission in the PEBA Quarterly Administration Report.

b) Do you have a documented process to ensure you comply with legislative requirements and pension plan documents and policies?

Yes

If yes, does this process include a regular review to monitor changes to support future compliance?

Comments/Reference/Actions

The Periodic Checklist, which is received by the Commission at mid-year and at year-end, is the mechanism used to ensure plan compliance.

9. Transparency and Accountability

The plan administrator should establish and document a communication process with the aim to be transparent and accountable to plan members, beneficiaries and other stakeholders.

Have you established and documented a communication process that:

- a) Provides plan members, beneficiaries and other stakeholders with access to information about the pension plan as required by applicable legislation as well as any other information that you have identified as appropriate? (new)**

Yes

Comments/Reference/Actions

The Plan's website and the Commission's Annual Report contain information on the Commission's governance process and governance activities.

- b) Informs plan members and beneficiaries about the process for asking questions and raising concerns?**

Yes

Comments/Reference/Actions

Members are made aware via the Plan's website that a process exists for complaints. They are encouraged to resolve any dispute or complaint about the administration of the Plan they may have (whether that is an action taken by PEBA, their employer or any other service provider retained by the Commission) directly with PEBA prior to availing themselves of this process. If their dispute or complaint cannot be resolved, they are provided with the details of the formal complaints process.

c) Communicates how important decisions are made?

Yes

Comments/Reference/Actions

The Commission's Governance Manual includes sections on Conduct of Meetings, Charter of Expectations, Responsibilities and Accountabilities, and the Plan's Statement of Investment Policies and Goals which outline how the Commission makes decisions.

d) Informs members about the risks, benefits, options and responsibilities of membership in the pension plan?

The Member Booklet, available on the website, outlines the plan provisions and the responsibilities of members.

10. Code of Conduct and Conflict of Interest

The plan administrator should establish and document a code of conduct, incorporating a policy to manage conflicts of interest.

a) Do you have a code of conduct that sets out the expected behaviours for you as the plan administrator and your delegates?

Yes

Comments/Reference/Actions

Section 11 of the Governance Manual is the Commission's Code of Conduct and Conflict of Interest Procedures.

The Commission's delegates have copies of its Codes of Conduct. The Commission's Codes of Conduct reflects the best practices outlined in "Code of Conduct for Members of a Pension Scheme Governing Body" published by the CFA Institute Centre for Financial Market Integrity.

On an annual basis, all members of the Commission review and sign its Code of Conduct and Conflict of Interest document.

The Public Employees Benefits Agency abides by the Government of Saskatchewan's Conflict of Interest Policy.

All service providers of the Commission and PEBA were contacted in 2017 and verified that they abide by a code of conduct and conflict of interest policy either through internal policy or through professional standing. The next review is scheduled for 2019.

- b) Does your code of conduct incorporate a conflict of interest policy that identifies and addresses potential conflicts of interest that may arise in particular circumstances of your pension plan, whether actual or perceived?**

Yes

Comments/Reference/Actions

The Board has identified and addressed procedures related to potential conflicts of interest in its Code of Conduct and Conflict of Interest Procedures within its Governance Manual.

- c) Do your delegates have a code of conduct that incorporates a conflict of interest policy?**

Yes

Comments/Reference/Actions

All service providers are to provide PEBA with a signed statement affirming that they abide by a code of conduct every two years. This was completed in 2017.

Employees of the Commission's administrator are required to swear or affirm an oath of office that prohibits personal benefit from the performance of official duties.

Members of PEBA's Investment Services branch are subject to an additional conflict of interest procedure.

- d) Do you have processes in place to receive appropriate disclosure from your delegates of conflicts and any breaches of the code of conduct? (new)**

Yes

Comments/Reference/Actions

The Commission's Code of Conduct policy outlines the process to disclose any possible conflicts of interest or breaches of its code of conduct.

11. Governance Review

The plan administrator should establish and document a process for the regular review of the pension plan's governance framework and processes.

a) Have you established and documented a process for a regular review of your pension plan's governance?

Yes

Comments/Reference/Actions

Section 12 of the Governance Manual provides for an annual review of the Plan's governance (this questionnaire).

The Commission also reviews its Governance Manual annually.

b) Does your governance review process include methods to address identified governance shortfalls?

Yes

Comments/Reference/Actions

The Commission is required to perform an annual review of the Plan's governance. The review includes the development of action plans for resolving inconsistencies or inadequacies in the Plan's governance.

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