

## SASKATCHEWAN PENSION ANNUITY FUND GOVERNANCE SELF-ASSESSMENT QUESTIONNAIRE

### 1. Fiduciary responsibility

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

- a) Have you identified your fiduciary and other responsibilities to plan members and beneficiaries?

Yes.

Comments/Reference/Actions

Section 2.03 of the Board's Governance Manual specifies the responsibilities *The Saskatchewan Pension Annuity Fund Act* confers on the Saskatchewan Pension Annuity Fund Board (the Board).

Section 2.03 of the manual also includes a listing of the Board's generic fiduciary responsibilities:

- Acting solely in the best interest of pensioners and beneficiaries;
- Acting with the care, skill and diligence of a prudent person;
- Treating pensioners and beneficiaries impartially;
- Interpreting the plan terms fairly, impartially and in good faith;
- Preventing personal interests from conflicting with those of the Fund; and
- Within the scope of its authority, ensuring that pensioners and beneficiaries receive promised benefits.

Section 9.04 of the manual outlines the specific responsibilities of Board members in regard to the duties of due diligence, loyalty, and care.

- b) Have you identified any responsibilities to other stakeholders and noted any that are fiduciary?

Yes.

Comments/Reference/Actions

Section 2.03 of the Board's Governance Manual includes its responsibilities to other stakeholders:

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

- The Minister of Finance;
- The Legislative Assembly of Saskatchewan; and
- Organizations and individuals employed by the Board to provide services to the Board."

2. Governance objectives

**The plan administrator should establish governance objectives for the oversight, management, and administration of the plan.**

- a) Have you established governance objectives for the oversight, management and administration of the plan?

Yes.

Comments/Reference/Actions

The Board has a mission and goals statement (section 3 of the Governance Manual).

The Board also identifies its Operational Goals and Objectives for the Administration of the Saskatchewan Pension Annuity Fund. The goals are sound financial management of the Fund, excellent service to the annuitants of the Fund, and regular evaluation of the performance of the Fund's service providers.

The Board reviewed a status report for 2017-2018 on its Operational Goals and Objectives for the Administration of the Saskatchewan Pension Annuity Fund at its meeting of June 28, 2018. The Board approved Operational Goals and Objectives for 2018-2019 at the same meeting.

3. Roles and responsibilities

**The plan administrator should clearly describe and document the roles, responsibilities, and accountability of all participants in the 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, the Charter of Expectations, identifies the roles and responsibilities of the Board. Section 10 of the Governance Manual identifies the delegation of the Board's roles and responsibilities. Section 5 of the Governance Manual outlines the information to be received by the Board from its service providers.

Section 5 of the Board's Governance Manual includes a section entitled "Rules and Procedures for Reviewing and Acting on Information", which outlines the responsibilities of the Board and PEBA for reviewing and acting on information provided to the Board by its service providers.

The Board's Governance Manual also defines the responsibilities of individual Board members in regard to the duties of due diligence, loyalty, and care.

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

Yes.

Comments/Reference/Actions

Section 9 of the Governance Manual, the Charter of Expectations, identifies the roles and responsibilities of the Board and individual Board members. Section 10 of the Governance Manual identifies the delegation of the Board's roles and responsibilities.

The Public Employees Benefits Agency (PEBA) reviews each service provider contract in accordance with the timelines outlined in the Periodic Checklist to ensure that they accurately reflect the services being provided.

PEBA reports on service standards to the Board on a quarterly basis.

4. Performance measures

**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 clear measures for assessing the performance of all participants in the governance process who have decision-making authority?

Yes.

Comments/Reference/Actions

The Board's administrator (the Public Employees Benefits Agency – PEBA) and investment manager are the service providers that have decision-making authority within the scope of the Board's policies and contracts which retain the service providers.

The contract between the Board and PEBA specifies performance measures.

The Board's Statement of Investment Policies and Goals (SIP&G) specifies the performance measures for the Board's investment manager. The Board reviewed and amended its SIP&G on June 28, 2018.

In terms of other service providers:

- The Board's custodian provides regular reports of its performance in relation to its corporate standards; and
- Evaluation processes have been established for the Board's actuary and investment consultant.

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

Yes.

Comments/Reference/Actions

The Board reviews the Fund's investments on a semi-annual basis and receives SIP&G compliance reporting from its investment manager on a quarterly basis.

The quarterly administration reports provided to the Board by PEBA provide reporting on PEBA's performance with regard to its administrative responsibilities for the Fund. PEBA will continue to self-report on its administrative responsibilities.

The Board approved the evaluation of its investment consultant at its meeting of April 4, 2018.

The Board reviewed the evaluation of its actuary at its meeting of June 28, 2018.

The Board reviewed the evaluation of its custodian at its meeting of April 4, 2018.

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 the knowledge and skills needed for the effective governance of the pension plan?

Yes.

Comments/Reference/Actions

The Board has set out the Board member attributes (section 9.03 of the Governance Manual).

- b) Do you have a process to fill gaps in knowledge and skills?

Yes.

Comments/Reference/Actions

The Board has set out a formal education program for Board members (section 7 of the Governance Manual), progress against which is reported to Board members individually.

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

6. Access to information

**The plan administrator and, as necessary, any delegates should have access to relevant, timely and accurate information.**

- a) Have you and, as required, your delegates defined the information necessary to discharge your responsibilities?

Yes.

Comments/Reference/Actions

The contracts with the Board's investment consultant, investment manager, and custodian contain reporting requirements.

The contract between the Board and PEBA contains service standards that are reported to the Board on a quarterly basis. PEBA's quarterly reports to the Board also report on PEBA's performance with regard to its administrative responsibilities for the Fund.

Section 5 of the Board's Governance Manual outlines the information to be received by the Board from its service providers. The section outlines the rules and procedures for receiving, reviewing, and acting on information and reports, and specifies the reports to be provided by the Board's administrator, investment consultant, and investment manager(s).

- b) Do you have a process in place for obtaining this information accurately, quickly, clearly and in a suitable format?

Yes.

Comments/Reference/Actions

The Board's Governance Manual provides rules and procedures for the provision of information to the Board. The Governance Manual includes documentation of the process the Board is to follow in requesting additional information beyond the regularly provided documents listed in section 5.07.

7. Risk management

**The plan administrator should provide for the establishment of an internal control framework, commensurate with the Fund's circumstance, which addresses the pension plan's risks.**

a) Have you identified the pension plan's risks?

Yes.

Comments/Reference/Actions

The Board received its Risk Management Review for 2017-2018 and approved the Risk Management Plan for 2018-2019 on June 28, 2018.

b) Do you have a process to manage these risks?

Yes.

Comments/Reference/Actions

See response to item 7a.

8. Oversight and compliance

**The plan administrator should provide for the establishment of appropriate mechanisms to oversee and ensure compliance with legislative requirements and the pension plan's documents and administrative policies.**

a) Have you identified the legislative requirements, documents and policies that apply to the pension plan?

Yes.

Comments/Reference/Actions

Section 2.02 and 2.03 of the Governance Manual identifies the legislative requirements that apply to the Fund. The Governance Manual also contains copies of *The Saskatchewan Pension Fund Annuity Act* and *The Pension Benefits Act, 1992* and a listing of the *Income Tax Act (Canada)* information circulars, interpretation bulletins and newsletters.

The Board's Governance Manual also outlines the relevant provisions of *The Trustee Act, 2009*.

- b) Do you have a mechanism to ensure compliance with legislative requirements and pension plan documents and administrative policies?

Yes.

Comments/Reference/Actions

Under the Board's contract with PEBA, among the services to be provided by PEBA the contract states:

"PEBA shall provide all services required to operate, administer and manage the Plan in a manner consistent with and according to all statutory provisions and regulations that apply to the Plan ..."

Processes for ensuring compliance with legislative requirements, Fund documents and administrative policies have not yet been documented. However, the Periodic Checklist was completed on June 28, 2018 for the twelve-month period ending March 31, 2018, and was completed on November 29, 2018 for the six-month period ending September 30, 2018. These reviews indicate that efforts are being undertaken to ensure compliance with legislative requirements.

9. Transparency and accountability

**The plan administrator should provide for the communication of the governance process to pensioners and other stakeholders to facilitate transparency and accountability.**

- a) Have you provided an explanation of the pension plan's governance process to plan members, beneficiaries and other stakeholders?

Yes.

Comments/Reference/Actions

Part of the Board's Charter of Expectations (section 9 of the Governance Manual) is that the Board will undertake to develop, implement and assess short and long-term measurable directions and objectives through development of a business plan.

Each year, the completed CAPSA Governance Self-Assessment Questionnaire (this document) is published on the PEBA website.

In addition, the Board's Annual Report provides improved transparency by outlining the activities planned in the Board's Operational Goals and Objectives, and reporting on the activities accomplished during the year.

- b) Have you provided an explanation to plan members and beneficiaries of the process that will be used to address their questions and complaints?

Yes.

Comments/Reference/Actions

The Board's process for handling questions and complaints is available on the PEBA website.

10. Code of conduct and conflict of interest

**The plan administrator should provide for the establishment of a code of conduct and a policy to address conflicts of interest.**

- a) Do you have a code of conduct that sets out the required behaviour for you and your delegates?

Yes.

Comments/Reference/Actions

Section 11 of the Governance Manual outlines the Board's Code of Conduct and Conflict of Interest procedures. This code of conduct is reviewed and signed annually by the Board members, and was last reviewed and signed on November 29, 2018.

- b) Do you have a conflict of interest policy to deal with its actual or perceived conflicts of interest and those of your delegates?

Yes.

Comments/Reference/Actions

See response to item 10a.

11. Governance review

**The plan administrator should conduct a regular review of its plan governance.**

- a) Have you established a process for regularly reviewing your pension plan's governance?

Yes.

Comments/Reference/Actions

Section 12 of the Governance Manual (this questionnaire) provides for an annual review of the Fund's governance. In addition, the Board reviews its Governance Manual on an annual basis. The Board last conducted a review of its Governance Manual at its meeting of November 23, 2017.

- b) Do you have an effective process to resolve any inconsistencies or inadequacies in the plan's governance?

Yes.

Comments/Reference/Actions

The Board is required to review the Fund's governance annually. The review will include the development of action plans for resolving inconsistencies or inadequacies in the Fund's governance.

In addition, the Board reviews its Governance Manual on an annual basis. The Board last conducted this review at its meeting of November 23, 2017.

**Completed by:**

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Title

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Signature

April 5, 2019

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Date

**Approved by:**

Dave Wild

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Name

Chairperson, Saskatchewan  
Pension Annuity Fund Board

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Title

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Signature

April 5, 2019

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Date