



NATIONAL CAPITAL COMMISSION  
COMMISSION DE LA CAPITALE NATIONALE

		<b>No.</b>	2020-S02
		<b>To</b>	Board of Directors
<b>For</b>	DECISION	<b>Date</b>	2020-01-23
<b>Subject/Title</b>			
Amendments to the Corporate Committee Charters			
<b>Summary</b>			
Based on the April and November 2019 discussions at the Governance Committee, the Commission Secretariat is proposing amendments to the various charters.			
<b>Risk Summary</b>			
Not applicable.			
<b>Recommendation</b>			
That the proposed amendments to the Charter of the Executive Committee, the Audit Committee and the Governance Committee be adopted.			

**Submitted by:**

Original signed by Anne Julie Lalonde

---

 Name

---

 Signature

## **1. Strategic Priorities**

Guiding Principle – Corporate Excellence

## **2. Authority**

NCC By-laws, paragraph 3.2.1

## **3. Context**

The NCC's Governance Committee is mandated to review, every three years, the NCC's by-laws, charters and other governance instruments. The amendments being proposed are the result of several discussions with the Governance Committee since April 2019.

## **4. Options Analysis**

The proposed amendments reflect best practices in Crown Corporation governance and reflect various resolutions and policies that have been approved since the last governance framework review as well as gender neutral language.

## **5. Financial Details**

Not applicable.

## **6. Opportunities and Expected Results**

The triennial Governance Framework Review is a governance best practice and ensures that the NCC continues to have relevant and robust governance instruments.

## **7. Risks and Mitigation Measures**

Not applicable.

## **8. Consultations and Communications**

Governance Committee Workshop

April and November 2019

## **9. Next Steps**

Not applicable.

## **10. List of Appendices**

Appendix 1 – Charter of the Executive Committee

Appendix 2 – Charter of the Audit Committee

Appendix 3 – Charter of the Governance Committee

## **11. Authors of the Submission**

Anne Julie Lalonde, Acting General Counsel and Commission Secretary

Chantal Bédard, Chief, Commission Secretariat

# **NATIONAL CAPITAL COMMISSION**

## **Charter of the Executive Committee**

Adopted by the Board of Directors on

## Table of Contents

<b>1. Mandate</b> .....	3
<b>2. Membership</b> .....	3
<b>3. Duties and Responsibilities of the Committee</b> .....	3
<b>4. Committee Meetings</b> .....	4
<b>5. Reporting</b> .....	4
<b>6. Authority of the Committee</b> .....	4

This charter sets forth the duties and responsibilities of the Executive Committee (the "**Executive Committee**") by the Board of Directors (the "**Board**") of the National Capital Commission (the "**Corporation**").

## 1. Mandate

The Executive Committee is a committee of the Board established by the *National Capital Act* and may exercise such of the powers and perform such of the functions of the Board as are delegated to it.

## 2. Membership

- 2.1 As set out in the *National Capital Act*, the Executive Committee will consist of the Chairperson of the Board, the Chief Executive Officer (CEO) and three other Board members to be appointed by the Board, at least one of whom shall be from the Province of Québec. Members will hold office until they are removed or replaced by the Board or they cease to be members of the Board.
- 2.2 The Board will review the membership of the Executive Committee at least every two years.
- 2.3 The Chairperson will be responsible for the leadership of the Executive Committee, the development of agendas and materials for Executive Committee meetings, the conduct of Executive Committee meetings in an efficient, effective and focused manner, and all reports to the Board on the deliberations and recommendations of the Executive Committee.

## 3. Duties and Responsibilities of the Committee

- 3.1 ~~The Executive Committee may be responsible for identifying and assessing potential new members, in accordance with the required skills and competencies deemed necessary, for the Board, for purposes of advising the responsible Minister in relation to filling any existing or future vacancies on the Board.~~
- 3.21 Notwithstanding section 3.2.19 of the Corporation's By-laws, the Executive Committee may approve all proposals to be approved by the Corporation pursuant to section 12 of the National Capital Act that fall within the category of Level 1 or Level 2 Projects in accordance with criteria approved by the Board.
- 3.32 Notwithstanding sections 3.2.6 and 3.2.10 of the Corporation's By-laws, the Executive Committee may approve any request to the Governor-in-Council for authority to grant a lease for a period greater than 5 years, but not exceeding 25 years, including all renewal options, regardless of transaction value.
- 3.34 Notwithstanding sections 3.2.6 and 3.2.11 of the Corporation's By-laws, the Executive Committee may approve any request to the Governor-in-Council for authority to grant an easement for a period exceeding a period of 49 years but not exceeding 99 years, regardless of transaction value.

3.4 Notwithstanding sections 3.2.5, 3.2.6 and 3.2.19 of the Corporation's By-laws, the Executive Committee may approve any projects, transactions and federal land use and design approvals related to the Prime Minister's Accommodations.

3.5 The Executive Committee may approve such other matters as may be directed by a decision or resolution of the Board from time to time.

3.6 The Executive Committee may choose to refer any matter delegated to them in accordance with sections 3.1 to 3.5, back to the Board.

#### **4. Committee Meetings**

4.1 The Executive Committee will hold its meetings *in camera* with senior management and other invited individuals in attendance.

4.2 The Executive Committee will meet on such dates and with such frequency as may be determined by the Chairperson of the Board, in consultation with the CEO.

4.3 Quorum for the meetings of the Executive Committee is 3 Committee members.

4.4 The agenda and meeting documents for each Executive Committee meeting will, whenever practicable, be forwarded to Executive Committee members at least three days prior to each meeting.

4.5 Executive Committee members may participate in a meeting in person, by teleconference or by electronic vote.

4.6 At all meetings of the Executive Committee, all decisions shall be made by a majority of votes cast on the decision, with the Chairperson have the ability to vote, but having no casting vote.

4.7 Sections 4.4, 4.5, 4.11, 5.1, 5.2, 5.3 and 5.4 of the NCC By-Laws apply with necessary changes to suit the context.

#### **5. Reporting**

The Executive Committee will report regularly to the Board regarding its meetings and progress in carrying out the responsibilities of the Executive Committee pursuant to this charter.

#### **6. Authority of the Committee**

The Executive Committee will be entitled to full access to all books, records, facilities, and personnel of the Corporation, insofar as they relate to the authorities and matters delegated to it. The Executive Committee may require such officers, directors and employees of the Corporation and others as it may see fit from time to time to provide any information about the Corporation as it may deem appropriate and to attend and assist at meetings of the Executive Committee.

Original: February 18, 2015

Amendments

January 19, 2017 (paragraphs 3.3 and 3.4)

## **AUDIT COMMITTEE CHARTER**

Adopted by the NCC Board of Directors on

## **Table of Contents**

1. Mandate .....	2
2. Membership .....	2
3. Duties and Responsibilities of the Committee .....	3
4. Operating Principles of the Committee .....	5
5. Committee Meetings .....	6

This charter sets forth the duties and responsibilities of the Audit Committee (the "**Committee**") established by the Board of Directors (the "**Board**") of the National Capital Commission (the "**Corporation**").

## 1. Mandate

- 1.1. The Committee is a committee of the Board established in accordance with Section 148 of the *Financial Administration Act*, that requires all Crown corporations to have an audit committee, to assist the Board in fulfilling its fiduciary responsibilities by overseeing:
  - 1.1.1. the integrity of the Corporation's financial statements, financial reporting processes, internal controls;
  - 1.1.2. the independence and qualifications of the Corporation's external auditors; and
  - 1.1.3. the Corporation's compliance with legal, regulatory and contractual obligations.
- 1.2. The Committee also oversees the work of the Corporation's internal and external auditors and monitors the relationships among the Board, the Committee, management, the Corporation's internal auditors and the Corporation's external auditors.

## 2. Membership

- 2.1. The Committee will be comprised of ~~five~~three (53) to ~~seven~~five (75) Board members, appointed by the Board to hold office until they are removed or replaced by the Board or they cease to be members of the Board. The Board will designate, from among the Committee members, a Chairperson of the Committee.
- 2.2. The Board shall review the membership of the Committee at least every two years.
- 2.3. Where vacancies exist, the remaining members may exercise all the powers and perform all the duties of the committee so long as a quorum still exists.
- 2.4. Each Committee member will be both independent of the Corporation and financially literate. Each member should be sufficiently versed in financial matters to understand the Corporation's accounting practices and policies and the major judgments involved in preparing the Corporation's financial statements. At least one Committee member will be a financial expert.
- 2.5. The Chairperson will be responsible for the leadership of the Committee, the development of agendas and materials for Committee meetings, the conduct of Committee meetings in an efficient, effective and focused manner, and all reports to the Board on the deliberations and recommendations of the Committee.

### 3. Duties and Responsibilities of the Committee

The Committee will:

#### 3.1. Financial Statements and Forecasts

- 3.1.1. review significant accounting and reporting issues facing the Corporation, including complex or unusual transactions and highly judgmental areas, and recent professional and regulatory pronouncements, and consider their impact on the Corporation's financial statements;
- 3.1.2. review and discuss, with management of the Corporation and the external auditors, the results of the external audit, including any difficulties encountered and recommendations made by the external auditors;
- 3.1.3. review and discuss, with management and the external auditors, the Corporation's annual financial statements, and consider whether such statements are complete, consistent with information known to Committee members, and reflect appropriate accounting principles;
- 3.1.4. review other sections of the Corporation's Annual Report before release and consider the accuracy and completeness of the information contained in those sections of the Annual Report;
- 3.1.5. review with management of the Corporation and the external auditors all matters required to be communicated to the Committee under generally accepted auditing standards;
- 3.1.6. understand how management develops interim financial information including the Quarterly Financial Statements, and nature and extent of internal and external auditor involvement in such development; and
- 3.1.7. review the financial forecasts and the risks associated with the Corporation's proposed corporate plan, as well as the viability and practicality of the proposed operating and capital budgets prior to submission of the corporate plan to the Board for review and approval.

3.1.7.3.1.8. Review, on an annual basis, the expenses of the Chief Executive Officer relating to conference and professional development activities.

#### 3.2. Internal Control

- 3.2.1. receive and approve internal audit reports on the effectiveness of the Corporation's internal control system, including information technology security and control, and review annual report on the progress of implementation of management action plans to address recommendations and periodic special exam report; and

- 3.2.2. understand and oversee the scope of internal and external auditors' review of the Corporation's internal control over financial reporting and obtain reports and all significant findings and recommendations from the internal and external auditors, together with management's responses.

### 3.3. Internal Audit

- 3.3.1. review annually with management and the Chief Audit Executive of the Corporation the Internal Audit Charter, multi-year plans, staffing, resources and organizational structure of the internal audit activity;
- 3.3.2. ensure there are no unjustified restrictions or limitations on the Chief Audit Executive and the internal audit activity, and consult on the appointment, replacement, or dismissal of the Chief Audit Executive of the Corporation;
- 3.3.3. receive and review regular reports on progress against the internal audit plan, including an annual Internal Audit Performance report from the Chief Audit Executive on the effectiveness of the internal audit activity, including compliance with the Institute of Internal Auditors' Standards;
- 3.3.4. be aware of audit engagements or tasks that do not result in a report to the Committee and be informed of all matters of significance arising from such work; and
- 3.3.5. on a regular basis, meet separately with the Chief Audit Executive to discuss any matters that the Committee or internal audit believes should be discussed privately.

### 3.4. External Audit

- 3.4.1. review the external auditors' proposed audit scope and approach to the Corporation's annual financial statements audit and periodic special exam, including coordination of the external audit effort with internal audit; and
- 3.4.2. on a regular basis, meet separately with the external auditors to discuss any matters that the Committee or external auditors believe should be discussed privately.

### 3.5. Compliance

- 3.5.1. review updates from management and legal counsel on compliance matters and legislation claims or other contingencies that could have a significant impact on the reputation, financial position or operating results of the NCC and be informed of the results of management's investigation and follow-up (including disciplinary action) of any instances of non-compliance with laws and regulations;

3.5.2. review the findings of any audit or examination by regulatory agencies, and any audit observations resulting from such audits or examinations; and

3.5.3. ~~review the process for communicating the Code of Conduct to personnel of the Corporation and for monitoring compliance with the Code of Conduct.~~

### 3.6. Reporting Responsibilities

3.6.1. regularly report to the Board all Committee activities, issues, and related recommendations and confirm annually to the Board that all responsibilities outlined in this Charter have been carried out;

3.6.2. provide an open avenue of communication between internal audit, the external auditors, and the Board; and

3.6.3. through the Corporation's Annual Report, describe the Committee's composition, responsibilities and how such responsibilities were discharged.

### 3.7. Annual Workplan

Prepare an annual workplan to include the schedule of activities for the Committee for a full calendar year.

### 3.8. Other Responsibilities

3.8.1. perform other activities related to this Charter as requested by the Board;

3.8.2. review and assess the adequacy of the Charter annually, requesting Board approval for proposed changes and ensuring appropriate disclosure as required by applicable laws or regulations; and

3.8.3. evaluate the Committee's and individual members' performance on a regular basis.

## 4. Operating Principles of the Committee

4.1. Within the standards of integrity and behaviour mandated by the Corporation's Board, management of the Corporation has primary responsibility for the Corporation's reporting of financial information and systems of internal control.

4.2. The Committee will maintain free and open communications between the Committee, the external auditors, the internal auditors and management.

4.3. The Committee is empowered to investigate any matter brought to its attention with full access to all books, records, facilities and personnel of the Corporation.

- 4.4. The Committee will actively solicit all information that may reasonably be deemed relevant by it to the discharge of the Committee's responsibilities, including any sensitive information.
- 4.5. The Committee, in carrying out its responsibilities set forth in this charter, will remain flexible, in order to best react to changing conditions and circumstances as well as emerging trends and issues.
- 4.6. The Committee expects financial integrity and will actively promote an overall corporate "tone" for the Corporation for quality financial reporting, for sound business risk practices, and for ethical behaviour.

## 5. Committee Meetings

- 5.1. The Committee will meet at least ~~four~~three times each calendar year. In addition, the Chairperson, in consultation with the CEO, may schedule additional meetings, as circumstances require.
- 5.2. All Committee members are expected to attend each meeting preferably in person as practicable or via tele conference.
- 5.3. The agenda and meeting package for each Committee meeting will, whenever practicable, be forwarded to Committee members at least one week prior to each meeting.
- 5.4. Quorum for the meetings of the Committee will be established as follows:
  - 5.4.1. with a membership of ~~five~~three (~~5~~3) ~~or six (6)~~ members, the quorum will be ~~three~~two (~~3~~2) Committee members; and
  - 5.4.2. with a membership of ~~seven~~four (~~7~~4) ~~or five (5)~~ members, the quorum will be ~~four~~three (~~4~~3) Committee members.
- 5.5. The Committee Secretary will circulate draft minutes of meetings to Committee members for comments prior to the meeting at which they will be presented for adoption.
- 5.6. The Committee may, with the approval of the Board, retain outside legal, accounting, financial or other consultants to advise the Committee at the Corporation's expense.

# **NATIONAL CAPITAL COMMISSION**

## **Charter of the Governance Committee**

Adopted by the Board of Directors on

## Table of Contents

1. Mandate .....	3
2. Membership.....	3
3. Duties and Responsibilities of the Committee.....	3
4. Committee Meetings .....	5
5. Reporting.....	6
6. Authority of the Committee.....	6

This charter sets forth the duties and responsibilities of the Governance Committee (the "**Committee**") of the Board of Directors (the "**Board**") of the National Capital Commission (the "**Corporation**").

## **1. Mandate**

The Governance Committee is a committee of the Board established to assist the Board in overseeing and assessing the functioning of the Board, Board committees and advisory committees of the Corporation and in developing and implementing effective corporate governance principles.

## **2. Membership**

- 2.1. The Committee will be comprised of ~~five-three (55)~~ to ~~sevensix (76)~~ Board members, appointed by the Board to hold office until they are removed or replaced by the Board or they cease to be members of the Board. The Board will designate, from among the Committee members, a Chairperson of the Committee.
- 2.2. The Board shall review the membership of the Committee at least every two years.
- 2.3. Where vacancies exist, the remaining members may exercise all the powers and perform all the duties of the committee so long as a quorum still exists.
- 2.4. The Chairperson will be responsible for the leadership of the Committee, the development of agendas and materials for Committee meetings, the conduct of Committee meetings in an efficient, effective and focused manner, and all reports to the Board on the deliberations and recommendations of the Committee.

## **3. Duties and Responsibilities of the Committee**

### **3.1. Corporate Governance**

- 3.1.1. the Committee will continually monitor best practices, trends and issues relating to corporate governance and keep apprised of matters relevant to the governance of Crown corporations, including reports and materials issued by the Treasury Board Secretariat, the Office of the Auditor General of Canada, and the Office of the Conflict of Interest and Ethics Commissioner;
- 3.1.2. every three (3) years, the Committee will review the Corporation's governance framework to ensure that it continues to reflect best corporate governance practices and to meet the requirements of the Corporation;
- 3.1.3. the Committee will also review every three (3) years, or more frequently if the Committee so determines, the Corporation's By-laws and other governance instruments, including the charter of the Board and the charters of each of the Corporation's Board and advisory committees, including this charter as well as the Board Competency Profile ("NCC Director Profile"). The Committee will make recommendations to the Board for any revisions to the Corporation's By-laws and other governance instruments

resulting from such reviews; and

3.1.4. the Committee will review periodically the content of, and compliance with, the Code of Conduct and the Conflict of Interest Guidelines applicable to Board members.

3.1.4.3.1.5. Review the process for communicating the Code of Conduct to personnel of the Corporation and for monitoring compliance with the Code of Conduct

### 3.2. Board Operations

3.2.1. the Committee will assess the needs of the Board on an ongoing basis and make recommendations to the Board with respect to rules and guidelines governing and regulating the affairs of the Board, including the methods and processes by which the Board fulfills its duties and responsibilities (such as the number and content of meetings, materials which are provided to the Board members generally and with respect to meetings and the Board's annual strategic workshop), as well as the *Financial Considerations for Members of the NCC Board of Directors*; and

3.2.2. the Committee will monitor and assess the relationship between the Board and management of the Corporation and will make such recommendations as it may deem necessary with a view to ensuring the Board is able to function independently of management.

### 3.3. Board Assessments

3.3.1. the Committee will establish processes and methods for assessing the effectiveness of the Board, committees of the Board and advisory committees of the Corporation and ensure that such assessments are performed annually. The Committee will conduct annual surveys of the Board members to canvass their views on the effectiveness of the Board and each committee of the Board. Senior Management will also be canvassed to assess the effectiveness of the Board of Directors; and

3.3.2. the Committee will assess the duties, selection criteria and accountability profile of the Chairperson of the Board.

### 3.4. Chief Executive Officer

3.4.1. the Committee will assess the duties, selection criteria and accountability profile of the Chief Executive Officer of the Corporation (the "**CEO**"); and

3.4.2. the Committee will review the benefits, objectives and performance appraisal of the CEO for recommendation to the Board of Directors.

### 3.5. Ombudsman

The Governance Committee will consider and, when appropriate, approve the selection criteria, the terms of reference and duties of the Ombudsman of the Corporation.

### 3.6. Board Orientation and Education

The Committee will oversee the development and implementation of orientation and professional development programs and materials for members of the Board and its committees.

### 3.7. General

The Committee will undertake on behalf of the Board such other corporate governance initiatives as may be necessary or desirable to enable the Board to provide effective corporate governance for the Corporation and contribute to the success of the Corporation.

## 4. Committee Meetings

4.1. The Committee will hold in camera meetings with senior management and other invited individuals in attendance, and may also hold meetings without management present (except upon invitation) as required to discuss confidential matters or to undertake discussions independent of management.

4.2. The Committee will meet on such dates and with such frequency as established by the Calendar of Meetings of the Corporation, in conjunction with regular Board meetings. In addition, the Chairperson, in consultation with the CEO, may schedule such additional meetings as required.

4.3. The agenda and meeting package for each Committee meeting will, whenever practicable, be forwarded to Committee members at least one week prior to each meeting.

4.4. Quorum for the meetings of the Committee will be established as follows:

4.4.1. with a membership of ~~five~~three (5~~3~~) ~~or six~~ (6) members, the quorum will be ~~two~~three (3~~2~~) Committee members; ~~and~~

4.4.2. with a membership of ~~seven~~four (7~~4~~) ~~and five~~ (5) members, the quorum will be ~~four~~three (4~~3~~) Committee members; ~~and~~

4.4.2-4.4.3. with a membership of six (6) members, the quorum will be four (4) Committee members.-

4.5. Committee members are expected to attend meetings in person whenever practicable. However, Committee members may participate in a meeting by teleconference and, in such cases, are deemed to be present at that meeting.

4.6. The Committee Secretary will circulate draft minutes of meetings to Committee members for comments prior to the meeting at which they will be presented for

adoption.

## **5. Reporting**

The Committee will report regularly to the Board regarding its meetings and progress in carrying out the responsibilities of the Committee pursuant to this charter.

## **6. Authority of the Committee**

- 6.1. The Committee will be entitled to full access to all books, records, facilities, and personnel of the Corporation. The Committee may require such officers, directors and employees of the Corporation and others as it may see fit from time to time to provide any information about the Corporation as it may deem appropriate and to attend and assist at meetings of the Committee.
- 6.2. The Committee may delegate from time to time to any person, including any individual member of the Committee, or committee of persons any of the Committee's responsibilities that lawfully may be delegated.
- 6.3. The Committee may adopt policies and procedures for carrying out its responsibilities.