

Memorandum of Understanding (MoU)
between
Minister – Culture and Community Spirit
and
Alberta Foundation for the Arts (AFA)

1. Background

The Government Reorganization Secretariat issued a Final Report dated April 30, 2001 and entitled “Review of Agencies, Boards and Commissions and Delegated Administrative Organizations” (the “Report”). The Report included a recommendation that Ministers should enter into a Memorandum of Understanding with each Agency, Board and Commission (ABC) in their Ministry to clarify the government’s expectations about roles, responsibilities, duties, functions, standards of care, policy direction and performance expectations to be achieved by ABC’s. In October of 2007, the Board Governance Review Task Force issued its report, dated October 1, 2007 and entitled, “At a Crossroads” (the McCrank Report). The McCrank Report resulted from a comprehensive review of the province’s agencies, boards and commissions and their relationship with the government. The McCrank Report contained 15 recommendations, among them, a recommendation that Ministries reaffirm existing or develop new roles and mandate documents they had with their various agencies, boards and commissions and to reaffirm these documents every three years.

2. Purpose of the MoU

The *Alberta Foundation for the Arts (AFA) Act* establishes the AFA board and members as a provincial corporation, describes their responsibilities and accountabilities, and mandates the board to support and contribute to the development of, and to promote the arts in Alberta, and to collect, preserve and display works of art by Alberta artists.

The purpose of this MoU is to supplement existing legislation, policies and by-laws by specifying the accountabilities and reporting relationship between the AFA board and the Minister and Deputy Minister of Alberta Culture and Community Spirit. The key documents that define the role, responsibilities and accountabilities of the AFA board and the Minister are as follows:

- *Alberta Foundation for the Arts Act*
- *Government Accountability Act* and Regulations
- *Fiscal Responsibility Act*
- *Common Foundation Procedural By-laws*

The AFA board is responsible, and through the Chair, reports directly, to the Minister of Culture and Community Spirit. Appendix 1, which is attached to and forms part of this MoU, further defines the accountability reporting relationship between the AFA board and the Minister and Deputy Minister.

While this MoU establishes the accountabilities of each party to one another, it is understood that the effective execution of the MoU requires all parties to work in partnership to achieve the desired results. Open and timely communication by all parties and strong working relationships are critical to the achievement of successful outcomes.

3. Responsibilities

3.1. Minister’s Responsibility

The Minister will:

- 3.1.1. Provide strategic direction to the AFA board to guide its priority setting and development of its plan.
- 3.1.2. Approve the AFA strategic plan in support of the Ministry Business Plan.

- 3.1.3 Ensure that the activities of the AFA board are represented in the Ministry's Business Plan and results are represented in the Ministry's Annual Report as well as the separate Foundation report, required by section 14 of the *Alberta Foundation for the Arts Act*.
- 3.1.4 Work with other Ministers and governments to coordinate the provision of funding and administration of programs for development of the arts in Alberta.
- 3.1.5 Approve significant variations from AFA's plan.
- 3.1.6 Review and endorse all grant decisions of the AFA prior to their release, unless this function has been delegated to the Board.

3.2 Board Responsibility

In response to strategic direction from the Minister, the AFA board will:

- 3.2.3 Establish policies for the provision of funding to, and the administration of programs for, the development of the arts in Alberta.
- 3.2.4 Within these policies, develop a three-year strategic plan, within the context of the Ministry Business Plan, for the funding of programs for the development of the arts in Alberta.
- 3.2.5 Allocate funding and estimate revenues in accordance with the strategic plan.
- 3.2.6 Oversee and evaluate the implementation and execution of the strategic plan.
- 3.2.7 Establish performance measures and report on outcomes.
- 3.2.8 Follow established internal controls and comply with management information systems requirements to ensure integrity and accountability of financial information.
- 3.2.9 Evaluate and report on the board's performance against the AFA's strategic plan goals and performance outcomes, using criteria agreed upon between the Minister and the board.

3.3 Fiscal Responsibility

The Senior Financial Officer for the Ministry of Culture and Community Spirit is the Senior Financial Officer for the AFA. In compliance with the Province of Alberta's *Fiscal Responsibility Act*, the AFA board commits to remain within approved spending targets. In the event that revenues are less than predicted, AFA's expenses must be adjusted accordingly. The nature and impact of management action that is necessary to realize this commitment will be communicated to the Minister in a timely manner. Failure to comply with the Minister's direction may be viewed by the Minister as grounds for recommending a termination of appointment of one or more members of the AFA board. The AFA board commits to comply with the provisions of the *Financial Administration Act* (FAA), Treasury Board Directives pursuant to the FAA, and the Community Development Grant Regulation under the *Government Organization Act*.

3.4 Human Resource Responsibility

The Deputy Minister of Culture and Community Spirit will assign staff to support the work of the AFA. The staff will report through the Assistant Deputy Minister (ADM) of Culture and Community Development to the Deputy Minister. The AFA Chair is responsible for consulting with the ADM respecting the adequacy of staffing levels or performance of the Executive Director assigned to the board.

3.5 Acquisition and Disposition of Property

Any decision to acquire or dispose of real property must be approved through AFA's strategic plan, and endorsed by the Minister.

3.6 Investing

The funds of the AFA are managed and invested by the Alberta Investment Management Corporation.

3.7 Remuneration and Expenses

Remuneration of board members is in accordance with the Committee Remuneration Order. All subsistence, travel and other expenses, including hosting, must be approved and paid in accordance with the Ministry of Culture and Community Spirit's financial policies and procedures.

4 Amendment

In the spirit of the principles of this MoU, all parties acknowledge that changes in legislation or governance requirements may result in the need for modifications to this MoU from time to time by either party. Any major changes in roles or responsibilities will be agreed to, in writing, by both parties prior to the implementation of the changes.

This MOU does not override any existing acts or regulations.

The MOU will be reviewed annually to determine if amendments are required, beginning April 1st of each year, to coincide with the government's business planning process. Revisions to Appendix 1, Accountability Reporting, signed off and implemented by all parties, will constitute amendments to this MoU.

5 Termination

Termination of this MoU may occur:

5.1 By mutual agreement of the parties; or, if

5.2 Changes to existing legislation require the termination of this MoU.

6 Assignment

If government restructuring occurs during the term of this MoU, the MoU may be assigned to another Ministry.

7 Liaison

For the purposes of administering this MoU, the Deputy Minister of Culture and Community Spirit designates the Assistant Deputy Minister of the Culture and Community Development Division as liaison with the AFA board on behalf of the Ministry of Culture and Community Spirit.

8 MOU

This MoU will come into effect on **April 1, 2008** and will remain in effect until **March 31, 2011** unless the MoU is terminated under section 5 or amended in accordance with section 4.

9. Sunset Review

The AFA is subject to dissolution under section 82 of the *Financial Administration Act* on or before December 31, 2008, and is subject to a review before that date.

Memorandum of Understanding - AFA
Accountability Reporting

A. Reporting Accountability	Frequency	Comments
1. Planning <ul style="list-style-type: none"> ▪ Ministry Business Plan (including financial plan and accountability statement) 	Annual	Once budget targets are set, Ministry Business Plans are prepared in accordance with government reporting standards. The AFA is included in the Ministry's Business Plan. The ADM will advise the AFA board of any changes required to meet budget targets.
<ul style="list-style-type: none"> ▪ AFA Strategic Plan 	Annual	The board prepares a three-year strategic plan for the AFA. The plan is updated as required, and is then submitted to the Minister for approval. The plan must include various components as required for the Ministry's Business Plan.
2. Reporting <ul style="list-style-type: none"> ▪ Financial Statements 	Quarterly	Alberta Culture and Community Spirit (CCS) Financial Services staff prepares quarterly financial statements which are provided to the Executive Director for information.
<ul style="list-style-type: none"> ▪ Management Reports 	Monthly	CCS Financial Services staff prepares a management report comparing actual expenditure, commitments and revenues to budget. This report is provided to the AFA board for information and action if required.
<ul style="list-style-type: none"> ▪ Audited Financial Statements 	Annual	The financial statements are prepared in accordance with government reporting standards as a part of the Ministry submission to the Ministry of Finance. They are provided to the AFA board for approval and are included in the Ministry Annual Report.
<ul style="list-style-type: none"> • Strategic Plan Goals 		Reporting on performance outcomes related to the strategic plan goals will occur in the AFA Annual Report, as required by section 14 of the <i>Alberta Foundation for the Arts Act</i> and be addressed in the Ministry Annual Report.
<ul style="list-style-type: none"> • Performance Measures 		Reporting on performance measure results will occur in the AFA Annual Report and be addressed in the Ministry Annual Report if applicable.
3. Board Performance Evaluation	Annual	The board evaluates and reports on the board's performance against the plan using criteria agreed upon between the Minister and the board.
4. Approval <ul style="list-style-type: none"> ▪ Grant Recommendations 	As Needed	Grant recommendations are sent to the Minister for review and endorsement, unless this function has been delegated to the Board.
<ul style="list-style-type: none"> ▪ Acquisition of Art 		No ministerial approval required, provided it is done pursuant to the existing business plan and budget.
B. Governance Accountability		
1. Meetings <ul style="list-style-type: none"> ▪ Minister 	As Needed	To discuss issues and receive direction.
<ul style="list-style-type: none"> ▪ Deputy Minister 	Annually	To discuss issues.
<ul style="list-style-type: none"> ▪ ADM – Culture and Community Development ▪ Senior Financial Officer ▪ Executive Director/General Manager 	As Needed	Ex officio members of the board. Responsible for support to the board including consultation on programs, monitoring of budget, and maintenance of board minutes and policies.
2. Board Appointments	As Needed	Executive Director of the AFA initiates recruitment in accordance with Ministry policies. Appointment is made by Order in Council.