

Approved by the Board May 24, 2023



Terms of Reference

AGLC Board

The AGLC Board is responsible for the governance of AGLC and overseeing the management of AGLC's business affairs as defined in the *Gaming, Liquor and Cannabis Act* (GLCA) and pursuant to its Mandate and Roles Document. The Board is accountable to the President of Treasury Board and Minister of Finance of the Government of Alberta.

Note: These terms of reference are a restatement of the relevant provisions of the GLCA, the AGLC Mandate and Roles Document (MRD) and the Board's governance policies as a matter of convenience. In the case of any inconsistency, the provisions of the GLCA, or the MRD govern.

1. MANDATE, PURPOSE AND AUTHORITY

AGLC is a provincial corporation as defined by the *Financial Administration Act* and is continued under section 2 of the GLCA.

AGLC is responsible for the administration of Alberta's gaming, liquor and cannabis laws. AGLC's legislated objects are to:

1. administer the GLCA [GLCA 3(a)];
2. conduct and manage provincial lotteries for the Government of Alberta [GLCA 3(b)];
3. carry out the functions respecting gaming delegated to it by the Lieutenant Governor in Council under the Criminal Code (Canada) or conferred on it by the GLCA [GLCA 3(c)];
4. control the manufacture, import, sale, purchase, possession, storage, transportation, use and consumption of liquor [GLCA 3(d)];
5. control the import, purchase, giving, possession, storage, transportation, and use of cannabis [GLCA 3(d.1)];
6. distribute or control the distribution of cannabis, or both [GLCA 3(d.2)];
7. sell or control the sale of cannabis, or both [GLCA 3(d.3)];
8. generate revenue for the Government of Alberta [GLCA 3(e)]; and
9. ensure integrity and social responsibility in the operation of gaming, liquor and cannabis activities.

2. DUTIES AND RESPONSIBILITIES

The Board

The Board is responsible for the governance of AGLC and overseeing the management of the AGLC's business affairs. The Board guides the AGLC's strategic direction; approves and monitors the AGLC's business plan, fiscal and capital plans, and financial results; appoints and evaluates the performance of the Chief Executive Officer (CEO); and is ultimately accountable to the Minister.

The Board:

1. ensures the powers and duties of AGLC are appropriately carried out [GLCA12(1)(a)];
2. establishes the policies of AGLC [GLCA 12(1)(b)];
3. conducts hearings and makes decisions respecting gaming, liquor and cannabis licences and registrations [GLCA 12(1)(c)];
4. oversees compliance with all relevant legislation, regulation and policies by which AGLC operates;
5. monitors the financial performance of AGLC;
6. ensures that effective internal controls and reporting systems are in place, and that the Board has open communication with the Office of the Auditor General;
7. ensures all material developments and significant emerging issues of AGLC are disclosed to the Minister, including promptly informing the Minister of any legal issues relating to AGLC of which AGLC has knowledge;



8. ensures that the strategic plan and business plan are implemented and updated annually;
9. appoints the CEO, develops a position description for the CEO, monitors and evaluates the CEO's performance;
10. establishes governance practices and structures;
11. follows policy direction from the Minister [GLCA 7(1)];
12. ensures adequate plans are in place for management development and succession;
13. meets with stakeholders, as appropriate; and
14. establishes rules and procedures for the conduct of its meetings and hearings and for making decisions and orders [GLCA 15].

The Chair

The Chair represents the Board and its interests, as well as the interests of AGLC, in dealing with the Minister, the Deputy Minister, the CEO, stakeholders and the community. The Chair is responsible for providing leadership to the Board and for effectively facilitating the work of the Board.

The Chair:

1. plans and manages Board meetings;
2. provides the Minister with updates on AGLC's operations and informs the Minister regarding emerging issues;
3. ensures the Minister is provided with timely, relevant, accurate and complete reports that will enable the Minister to assess whether AGLC is fulfilling its mandate;
4. appoints members of the AGLC Board to hearing panels including appointing the respective presiding member;
5. ensures the Board and its committees have opportunities to meet independent of management;
6. ensures that the Board conducts an annual evaluation of its effectiveness, its committees, the Board Chair and the performance of the CEO;
7. provides leadership that demonstrates the AGLC's values;
8. administers the Board's Code of Conduct and Ethics and ensures that conflict of interest matters are addressed by the Board;
9. ensures ongoing communication with AGLC management, primarily with the CEO;
10. recommends to the Minister appointments and/or reappointments of Board members, on behalf of the Board; and
11. appoints committee members and chairs.

Board Members

Members of the Board:

1. make every effort to attend all meetings of the Board and are active participants in meetings;
2. serve on committees and panels to which they are assigned;
3. exercise independent judgment in overseeing the operations of AGLC within its mandate;
4. prepare in advance for meetings and hearings by reviewing materials provided;
5. participate in orientation upon appointment to the Board;
6. participate in professional development courses recommended by the Board Chair;
7. participate in the evaluation of the overall performance of the Board, Board Chair and its standing and special committees;
8. serve collegially with other Board members;
9. respect the confidentiality of information they gather as a result of their service;
10. understand and respect the division between the oversight, policy making and regulatory role of the Board and the operational and administrative role of the CEO;
11. demonstrate the AGLC's values;
12. act honestly and in good faith with a view to the best interests of AGLC; and
13. act independently and ethically complying with Board Code of Conduct and Ethics.



The CEO

The CEO:

1. is responsible for the overall operations of AGLC;
2. directs the day to day management and administration of AGLC [GLCA 18(2)(a)];
3. ensures that the policies of the Board are implemented [GLCA 18(2)(b)];
4. keeps the Board fully informed on the operation and affairs of AGLC;
5. exercises the powers and performs the duties assigned to AGLC or to the CEO [GLCA 18(2)(d)];
6. provides support to the Board in carrying out its governance responsibilities;
7. establishes appropriate systems for the general administration and financial management and control of the AGLC, including succession planning;
8. monitors performance and takes corrective action when problems are identified;
9. works with the Board to develop strategic plans and provides the Board business plans, capital and fiscal plans for approval;
10. ensures proper management of AGLC's risks in delivering services and care of the organization's assets;
11. maintains effective communication with the Chair of the Board of AGLC, the Board, the Deputy Minister, senior staff of the AGLC, and other government ministries;
12. operates within the mandate and policies approved by the AGLC Board and the Government of Alberta and within the fiscal plan approved by the Board;
13. administers the employee Code of Conduct and Ethics;
14. meets with stakeholders, as appropriate; and
15. keeps the Board Chair informed of communications with the Government.

3. BOARD COMPOSITION

The Board is independent of management and free from any business relationship that would impede their ability to make decisions in the best interests of AGLC.

The AGLC Board consists of up to nine (9) members, all appointed by the Lieutenant Governor in Council [GLCA 9(1)], acting on the recommendation of the President of Treasury Board and Minister of Finance. From these members, the Lieutenant Governor in Council appoints a Chair of the Board. [GLCA 9(2)] The recruitment and appointment process for Board members is guided by the policies and processes established by the Government of Alberta. The process is transparent, non-partisan and competency based.

The CEO is appointed by the Board and is also a member of the Board. [GLCA 9(1)] However, the CEO is not eligible to vote or to serve as Chair or acting Chair. [GLCA 9(1.1)]

Generally, Board members are appointed for terms of up to three years. Members may serve on the Board for a maximum of 10 years. [GLCA 9.1(1)]



A quorum of the Board is three (3) voting members. [GLCA 9(3)] The Board Chair may be included in the quorum count. Motions and resolutions are decided by a majority of the votes of the members present. Generally, the Chair does not vote on motions or resolutions. All Board/Committee members will have an equal vote. In the case of a tie, the motion is considered to be lost if there is a vacancy on the Board, a quorum of the remaining Board members may exercise all powers of the Board.

Board members' remuneration is set pursuant to the Order in Council 466/2008, Schedule 1, Part A.

4. BOARD GOVERNANCE

The AGLC Board is committed to best practices in governance and to implementing these practices to ensure it leads the organization effectively. The Board's governance practices include:

1. setting broad parameters and direction for AGLC;
2. developing a strategic planning process with the management team and guiding the resulting strategic direction, as well as monitoring both immediate and strategic opportunities and risks;
3. ensuring that executive management is sound and capable of successfully managing the organization;
4. monitoring and evaluating the performance of the CEO; and
5. ensuring that corporate integrity and transparency are evident to the Government of Alberta, AGLC stakeholders and Albertans.

5. EVALUATION

The AGLC Board has developed practices and structures that ensure effective governance principles are followed. Included in these practices is an annual evaluation process that measures the effectiveness of the Board, the Board Chair, committees of the Board and committee chairs. The Board Evaluation process is reviewed annually by the Board.

6. BOARD MEETINGS

Typically, the Board will hold a minimum of six (6) meetings annually. A calendar of Board meetings is established a year in advance. The Board will develop an annual work plan and shall ensure the schedule of meetings coordinates with the deliverables outlined in the work plan.

The Board makes decisions only at a constituted Board meeting or a special meeting.

Board members may attend a meetings in person or by conference call or videoconference, provided all Board members are able to hear one another. The Chair convenes Board meetings and may adjourn any meeting of the Board or any panel of the Board to another time and place.

The Board Chair may, at any time, convene a special meeting of the Board to deal with urgent business. Notices of special meetings will be given by the Chair or a delegate in a manner appropriate with a minimum of 24 hours' notice, and making every possible effort to ensure that all Board members are notified.



In-camera sessions will be conducted with only Board members present. Others, including the CEO, may attend by invitation.

When the Chair believes there is an urgent item of business that can be considered without the Board meeting, the Chair may direct that the matter be submitted to the Board electronically for decision. In this case, Board members will be provided a minimum of 24 hours to consider the matter. Electronic Board decisions shall be the subject of a special set of minutes which will be adopted by Board motion at the next regular Board meeting.

Meeting packages, including the agenda and briefing material, shall be sent out to Board members at least one week before the date of meeting.

An agenda of proceedings, deliberations addressed by the Board and all recommendations, decisions and directives of the Board shall be recorded by the Executive Assistant to the Board by way of meeting minutes. A draft copy of the minutes of Board meetings shall be provided to the Chair and subsequently to the Board members. The minutes will be approved by the Board at the next regular Board meeting.

Meeting minutes are confidential and will be shared internally within AGLC, as required. As well, upon request, meeting minutes will be shared with the Office of the Auditor General.

7. PANELS

The AGLC Board is responsible for conducting hearings and making decisions respecting licences, registrations and applications. Licensees, registrants and applicants may apply for a hearing under certain conditions defined in section 94 of the GLCA.

The Board has the powers, privileges and immunities of a Commissioner under the *Public Inquiries Act* when conducting a hearing. [GLA 12(2)]

The Chair may designate any 2 or more members, which may include the Chair, to sit as a hearing panel of the Board and may direct that panel to make any decision that the Board may make with respect to licences or registrations, or to conduct any hearing or inquiry that the Board may conduct. [GLA 11(1)]

A quorum of a panel is two members. [GLA 11(2)] A decision or action made or taken by a panel is a decision or action of the Board. [GLA 11(3)] If the Chair is not a member of the panel, the Chair must designate one of the members of the panel to preside over the panel. [GLA 11(6)]

Hearings are conducted as described in the Hearing Panel Rules and Procedures.

8. COMMITTEES

The Board shall appoint any committee (standing or special) that it determines necessary or appropriate to execute its governance role for AGLC. Board committees, when used, will be assigned so as to reinforce the wholeness of the Board's duties and to assist the Board in carrying out its responsibilities.



Currently, the Board has three standing committees:

- **Audit & Finance Committee:** The committee provides oversight of the financial and performance management systems and disclosure, internal and external audit activities, enterprise risk management, and internal controls.
- **Governance & HR Committee:** The committee's responsibilities include developing new board policies, reviewing and updating existing board policies, recruiting board members, facilitating the CEO's performance evaluation and ensuring succession planning is in place for the organization.
- **Business Development & Policy Committee:** This committee reviews policies, monitors regulatory activities, and considers business development and economic growth opportunities including gaming licence decisions.

The committees shall be comprised of no fewer than three (3) members of the Board, unless it is deemed a committee of the whole. The Board Chair, in consultation with the Board members, appoints committee members and chairs. The Board Chair is an ex-officio voting member of all committees. The CEO is an ex-officio non-voting member of all committees.

Each committee has its own terms of reference, which are approved by the Board. Each Committee Chair reports to the Board on the activities of the committee at each Board meeting. Recommendations from committees must be considered and approved by the Board.

An agenda of proceedings, deliberations addressed by a committee and all recommendations, decisions and directives of a committee shall be recorded by the Executive Assistant to the Board by way of meeting minutes. A draft copy of the minutes of committee meetings shall be provided to the Committee Chair and subsequently to the committee members. The minutes will be approved by the committee at the next regular meeting.

Meeting minutes are confidential and will be shared internally within AGLC, as required. As well, upon request, meeting minutes will be shared with the Office of the Auditor General.

9. STAFF REPORTING TO OR SUPPORTING THE BOARD

CEO

The CEO reports to the Board through the Board Chair. The CEO is accountable to the AGLC Board for the performance of AGLC.

The CEO's responsibilities are detailed above on page 4.

Director, Internal Audit

This position reports functionally to the Audit & Finance Committee Chair and administratively to a member of the Executive Team (as appropriate). Under the direction of the Audit & Finance Committee, the Director of Internal Audit provides independent and objective assurance designed to add value and to improve the operations of the AGLC.

The Director, Internal Audit plans and administers a comprehensive internal audit program that includes complex financial, operational and or compliance audits to determine whether AGLC's risk management, internal control and governance processes, are adequate and functioning in a manner to ensure:



- The adequacy, reliability and integrity of significant financial, managerial, and operating information;
- Compliance with contracts, policies, plans, procedures, laws and regulations;
- Economical and efficient use of resources and the safeguarding of assets;
- Identification and management of significant and emerging risks; and
- Achievement of established objectives for projects, programs, divisions and AGLC as a whole.

In response to requests by the Board or management, the Internal Audit Branch may perform consulting services as part of their activities. Such consulting may result in recommendations for long-range strategies to the Audit & Finance Committee addressing emerging issues having corporate-wide impact on AGLC.

Manager, Board Office

Reporting functionally to the Board Chair and administratively to a member of the Executive Team (as appropriate), the Manager of the Board Office oversees the day-to-day operations of the Board Office including the staff. This position provides high-level service to the Board supporting it in fulfilling its mandate.

The Manager of the Board Office bridges communication between the Board, AGLC management and stakeholders. As well, the Manager serves as a key strategic advisor to the Board Chair and Board members enabling them to make informed decisions.

Additionally, the Manager of the Board Office oversees the Hearing Panel Office which is responsible for all administrative matters related to hearings.

