
VOLUME III - GOVERNANCE

PART 3 – EXECUTIVE AUTHORITY

OVERVIEW

This Part focuses on issues of executive authority; i.e. how the Chief Executive Officer (CEO or Executive Director) is expected to discharge the direction set by the Board of Directors.

Chapter 1 provides guidance for the Board's management of the CEO's performance. More specifically, the Chapter addresses in some detail such issues as:

- The CEO's position description;
- Recruitment and appointment of a CEO;
- The CEO's employment contract;
- Managing the relationship between the CEO and the Board;
- Core and targeted accountabilities;
- Procedures for management of the CEO's performance;
- Compensation;
- Succession; and
- Termination.

Chapter 2 provides the Terms of Reference for Perley Rideau's executive officers (Non-Board Officers), i.e. the Chief Operating Officer (COO), the Chief Financial Officer (CFO), and the Medical Director, who are appointed by the CEO to carry out executive management functions delegated to them by the CEO.

PART 3 – EXECUTIVE AUTHORITY

Chapter 1

CHIEF EXECUTIVE OFFICER

1.1 GENERAL

The Chief Executive Officer (CEO) of the Corporation is responsible to the Board of Directors of the Corporation for the administration of the Perley and Rideau Veterans' Health Centre and all its programs pursuant to the Long-Term Care Homes Act and other pertinent legislation and regulations. As the administrator of the Perley Rideau, the CEO is responsible for the overall management of the Health Centre, planning, organizing, coordinating and managing its day-to-day operations in accordance with Provincial guidelines, the Corporation's By-Laws, the Board's governance framework, policies and directions, and within the general parameters of the approved annual operating plan and budget. The CEO is accountable to the Board for all organizational performance. As the day-to-day leader of the Perley Rideau, the CEO serves as its primary public representative.

The CEO works in partnership with the Board to ensure that the Perley Rideau is fulfilling its mission and to create strategies that will ensure its future success.

All Board authority delegated to staff is delegated through the CEO, so that the authority and accountability of staff derives from the authority and accountability of the CEO.

The Board of Directors as a group, rather than individual Directors, officers or Committees, is responsible for providing direction to the CEO within the context of Board policies.

Accreditation Canada has established standards to guide health service providers in Canada with respect to the recruitment, selection and evaluation of the CEO and to improve the relationship between the Board and senior management. These are reproduced at Appendix A to this Chapter. The Board is responsible for ensuring that these standards are met.

1.2 CEO'S RESPONSIBILITIES

The CEO has two broad roles: delivery of the mandate given by the Board and the efficient and effective use of all resources (financial, human, infrastructure, reputation, etc.).

The CEO is employed by the Board of Directors and is therefore responsible to the Board as a whole rather than to individual members of the Board. The CEO is required to implement policies as determined by the Board, consistent with the requirements of any relevant legislation or regulations. In the exercise of these responsibilities, the CEO provides:

- **Leadership:** The CEO is the Perley Rideau's strategic leader. As such, his main effort is in inspiring commitment to the Health Centre's vision and the fulfillment of the Perley Rideau's strategic objectives.
- **Setting Strategy and Vision:** The CEO will help develop the corporate vision, define organizational goals, formulate strategies and objectives, and align the Perley Rideau's resources to fulfill that vision.
- **Executive Management:** The CEO will develop and implement organizational structures, systems, policies and processes to meet the Perley Rideau's operational needs in providing excellent service, quality of care, quality of life and safety to its residents in an efficient manner.
- **Stakeholder Relations:** The CEO will cultivate and communicate with a broad network of internal and external stakeholders with the aim of advancing the Perley Rideau's reputation, goals and public interests.
- **Board Support:** The CEO will ensure that the Board of Directors receives the necessary advice, information and administrative support for the fulfillment of its functions.

The CEO's Position Description is at Appendix B to this Chapter.

1.3 RECRUITMENT AND APPOINTMENT OF THE CEO

Recruitment, selection and appointment of the CEO are, along with performance monitoring, among the most important responsibilities of the Board. Appointment of a CEO should, ideally, be made with the confidence of the full Board or at least by strong consensus.

The Board may create an *ad hoc* search committee to lead in the selection and hiring of the CEO. To this end the committee should:

- Review the CEO's job description, employment contract, core accountabilities, compensation and benefits, etc.;

- Review the Perley Rideau's strategic objectives and assumed operating environment for the next decade in order to determine what skills and experience the Perley Rideau will need;
- Determine selection criteria based on these two reviews;
- Consider retaining the services of a professional recruiter to assist in identifying candidates;
- Evaluate all candidates against agreed selection criteria, confirming each candidate's education, background and work experience, as well as their personal suitability for the mission and culture of the Perley Rideau;
- Recommend a short list of candidates to the Board for final selection;
- Communicate the results to the candidates; and
- Recommend an appropriate orientation and training program to the Board for its new employee.

Following acceptance of the Perley Rideau's letter of offer by the successful candidate, the Chair of the Board should communicate the decision throughout the Perley Rideau and to its stakeholders.

1.4 EMPLOYMENT CONTRACT

The Board negotiates and prepares the employment contract of the CEO. This contract should include the terms and conditions for:

- Employment duties, authority and review;
- Compensation and benefits, including insurance and indemnity;
- Term and renewal;
- Termination of the agreement;
- Termination and discipline; and
- CEO's covenants with the Perley Rideau.

The Board should review the CEO's employment contract annually (normally in conjunction with the preparation of his/her annual performance review).

1.5 MANAGING AND SUPPORTING THE CEO

The CEO is the only staff member who reports directly to the Board. Maintenance of an effective working relationship between the Board and the CEO is vital to the effective governance of the Perley Rideau for the fulfillment of its mission, vision and strategic objectives.

The Board is responsible for mentoring and development of the CEO, managing his/her performance including annual performance reviews against agreed-upon criteria. The Chair of the Board should be in contact with the CEO between Board meetings as required to manage this relationship.

Some key aspects of this relationship include:

- **Role Clarity.** The distribution of responsibilities between management and the Board of Directors must be clearly delineated, annually reviewed, updated (if necessary), and followed.
- **Established Performance Measures.** The Board should ensure that both the qualitative elements (behaviours and core competencies) and quantitative measures (objectives and deliverables) that are expected of the CEO are clear.
- **Annual Performance Review.** The CEO's performance should be evaluated annually by the Board in accordance with the guidance herein.
- **CEO Development.** Based on areas identified for improvement in the annual performance review and/or based upon evolving circumstance in the organization or the environment, the Board should take the lead in developing an appropriate program of development for the CEO.
- **In Camera Discussions.** Every regular meeting of the Board should include an in camera session to provide all Directors an opportunity to informally share opinions on the CEO's performance and to identify areas in which further coaching and development may be helpful.

1.6 CEO'S PERFORMANCE EVALUATION

The CEO's job contributions can be expressed as performance with respect to the following components:

- CEO's Position Description and Employment Contract;
- Annual performance objectives negotiated with the Board through its Executive Committee;
- Organizational achievement of operating plan and corporate objectives;
- Organizational operation within the boundaries established in Board direction;
- Quality of relationships with senior staff, the Board, and with major stakeholders.

The essence of the performance evaluation should be results-focused rather than subjective or personality-oriented.

Procedure

At the beginning of each fiscal year, the CEO, in partnership with the Chair, develops draft objectives for that year and discusses these with the Executive Committee which presents them to the Board for approval.

At the end of the fiscal year, the CEO should:

- Complete a written self-evaluation of progress on meeting objectives so approved by the Board;
- Complete a report on overall corporate performance for the preceding year;

- Solicit feedback on his/her performance from those staff reporting directly to the CEO and synthesize the highlights of this feedback in a report.

These reports will be provided to the Executive Committee to assist in the assessment of the CEO's performance and the appropriateness of the proposed objectives for the coming year.

The essential elements of this material, along with Board members' observations of the CEO's interactions with key stakeholders throughout the year form the basis of the evaluation.

The Chair should then obtain input from the officers of the Board, Committee Chairs and other Board members and prepare a written evaluation of the CEO's performance. The Chair will provide the performance review to the Board at its last meeting in the fiscal year or immediately thereafter. The Board meets *in camera* without the CEO for the specific purpose of reviewing the performance evaluation.

The Chair brings the results of this performance appraisal, including specific areas of outstanding performance and any deficiencies in the performance of the CEO, to his/her attention in writing. The Chair then meets with the CEO alone or, at the request of either, along with the Officers of the Board, Executive Committee or full Board, to discuss the evaluation. The CEO is provided with a reasonable opportunity to redress any deficiencies in performance.

Ideally, as issues arise and at least once midway between formal appraisals, the Chair provides the CEO with more informal feedback on his/her performance.

Appendix C to this Chapter provides guidance for the Board's performance management for the CEO.

1.7 CEO'S COMPENSATION

In addition to approving the compensation philosophy for the entire Perley Rideau, the Board is specifically responsible for setting the compensation of the CEO. In this the Board may consider:

- **Consistency** with the overall compensation philosophy of the Perley Rideau. (See Chapter 5, Human Resources Stewardship, section 5.3, for further guidance on compensation philosophy.)
- **Benchmarking** to compare the CEO's compensation with corporate leaders in the health field with similar responsibilities, as well as how it relates to other managers within the Perley Rideau. In the past, the Board has retained the services of a consultant to review the sector and indicate in which quartile the Perley Rideau's CEO's compensation sits. From this, the Board can set its guidelines for the annual compensation review with the CEO.

- **Performance Pay.** The Board may wish to consider linking achievement of specific goals and objectives to the CEO's compensation. If so, professional counsel may be advisable, given the need to balance fulfillment of both long-term objectives as well as short-term goals.
- **Talent Retention.** One of the principal objectives of the CEO's compensation after recruitment is to nurture retention of the incumbent's talent and experience in leading the Perley Rideau towards its strategic objectives. Thus, the compensation package may include both financial benefits as well as non-monetary benefits such as flexibility on hours of work and leave, professional development, etc.
- **Disclosure.** Ontario's *Public Sector Salary Disclosure Act, 1996* requires publicly funded organizations such as Perley Rideau to disclose all salaries above \$100K. Given public interest in executive compensation, the Board may wish to communicate a description of the Board's compensation philosophy and the considerations in determining the CEO's compensation. Such a clear statement will demonstrate to stakeholders the Board's principled stewardship of both human and financial resources.

1.8 SUCCESSION PLANNING AND SENIOR MANAGEMENT APPOINTMENTS

The CEO, in order to maintain proper lines of authority and accountability, has full authority to recruit, evaluate and dismiss all staff, including the most senior managers. However, the Board has a particular interest in the appointment of a Chief Operating Officer, given the potential for the incumbent of such a position to succeed to the more senior position. Similarly, the Board may have a particular interest in the appointment of the Chief Financial Officer and the Medical Director, given the importance of the positions and the considerable interaction that may be necessary between the incumbents of these positions and the Board.

Prior to an appointment to such positions designated by the Board to be of special interest, the CEO should brief the Board on the job criteria established for the position, the recruitment process, a synopsis of candidates considered, and a résumé of the candidate to be appointed. Board members may offer comments but the decision to appoint (or not) a particular candidate is at the sole discretion of the CEO. Similarly, decisions with respect to compensation, discipline and termination of employment for incumbents in these positions are the sole purview of the CEO.

1.8.1 Succession Planning for the CEO

The Board of Directors should ensure that a robust succession planning process has been thought through, and that the Board is prepared to cope with either a planned or an unplanned vacancy in the CEO and other senior management roles.

To this end the Board should maintain a continuing watch for the potential of current senior managers to be ready to assume the CEO's responsibilities – either on an interim basis in the event of an unplanned departure or incapacitation of the incumbent, or to succeed the incumbent on an indeterminate basis. In addition, Board members should

maintain a continuing watch for potential external candidates through their professional contacts and stakeholder networking. In addition, the Board should oversee the development of Perley Rideau's succession plan for senior management roles.

Planned Succession. During annual performance reviews with the CEO, it is important to ascertain his/her personal expectations regarding continued tenure at the Perley Rideau. The CEO may share thoughts on the best approach to succession in the organization. The Board should be well prepared to deal with the departure, drawing upon its list of already identified (internal and external) potential candidates. Once the CEO announces his/her planned departure, the process by which the successor will be sought and the transfer of leadership handled should be agreed upon in advance in order for the process to transpire smoothly.

Unplanned Succession. In the event of sudden and unexpected departure or incapacitation of the CEO, the Board must immediately appoint an acting CEO on an interim basis. The CEO's terms of reference may require modification and alternate lines of responsibility established for particular functions and tasks. In the absence of a good list of potential candidates to succeed the departed CEO, the Board may choose to retain a professional recruiter.

1.8.2 Termination of the CEO

There are two types of situations potentially warranting consideration of termination of the CEO's employment:

- A sudden crisis in leadership wherein a serious situation has arisen due to actions taken by the CEO which may be illegal or otherwise damaging to the Perley Rideau and its reputation.
- An ongoing pattern of performance shortcomings in leadership, calling into question the ability of the CEO to live up to agreed-upon performance expectations or failure to adapt to the Perley Rideau's organizational culture.

In either situation, the Board must act decisively, yet find the right balance between a prolonged "wait and see" approach and initiating unsubstantiated or precipitate action.

In handling a sudden crisis in leadership, the Board must conduct a thorough investigation of the facts, discounting hearsay and anecdotal evidence. Since such investigations are time-consuming, potentially requiring witness interviews, document analysis, police work, etc., the Board may consider temporary suspension of the incumbent and the appointment of an acting CEO.

In the second situation, when it is evident that the incumbent is struggling with job requirements, the Board should take immediate steps to support and mentor the CEO.

A Board decision to terminate the CEO would be extremely difficult to make and would have lasting repercussions throughout the organization. In deliberating possible termination of the CEO, the Board must consider (*inter alia*):

- **Legal obligations** as the employer and the implications of removal in terms of severance, retirement and other benefits, as well as potential legal liability;
- **CEO succession** as discussed above, the Board must be prepared to undertake the process and steward the organization through the transition; and
- **Impact on the organization and its stakeholders** including the Perley Rideau's staff and volunteers, as well as other stakeholders such as funders, donors, and the public. A special communication plan will be required for both internal and external stakeholders.

ACCREDITATION CANADA STANDARDS FOR RECRUITMENT, SELECTION AND EVALUATION OF THE CEO¹

SUPPORTING THE ORGANIZATION TO ACHIEVE ITS MANDATE

- 7.0 The governing body recruits, selects, supports, and evaluates the CEO and ensures an organization talent management plan is in place.**
- 7.1 The governing body oversees the recruitment and selection of the CEO.
 - 7.2 The governing body follows a policy on CEO compensation.
 - 7.3 The governing body develops and updates the position profile for the CEO.
 - 7.4 In partnership with the CEO, the governing body sets performance objectives for the CEO and reviews them annually.
 - 7.5 The governing body supports and commits resources to the ongoing professional development of the CEO.
 - 7.6 The governing body has a mechanism to receive updates or reports from the CEO.
 - 7.7 The governing body, with the input of the organization's leaders, evaluates the CEO's performance and achievements annually.
 - 7.8 The governing body has a succession plan for the CEO.
 - 7.9 The governing body oversees the development of the organization's talent management plan.

¹ Extracted from Accreditation Canada Standards 2017

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The Perley & Rideau Veterans' Health Centre
CEO's Job Description (2014)

Job Identification

| | |
|---|--|
| Job Title: Chief Executive Officer (CEO) | Original date: 9 January 2014 |
| Job Reports to: Board of Directors | CEO Employment Contract dated 4 July 2013 (Legal reference document) |
| Jurisdiction: Management/ Non-Union | Revision dates: |

Summary of Duties

POSITION DESCRIPTION

Reporting to the Board of Directors, the CEO is responsible for the overall leadership and direction of the Perley and Rideau Veterans' Health Centre in accordance with the vision, mission, goals, strategic objectives, and policies approved by the Board in order to ensure the organization's current and future success. The CEO's over-riding responsibility is for excellence in quality of care, quality of life and safety of the Perley Rideau's residents and clients.

The CEO's principal focus is strategic. He brings a passion for, and sensitivity to, seniors and aging issues, and provides visionary leadership in the stewardship of the health centre and in pursuing its goal of improving our position as a recognized and respected leader in the provision of services to the elderly. The CEO advances the Perley Rideau's vision as a Seniors Village through strategic alliances and influence with a broad range of stakeholders. He ensures financial and operational sustainability and is responsible for corporate performance results in compliance with legislative requirements and industry standards and practices.

1. Description of Duties (Core Accountabilities)

LEADERSHIP

The CEO is the Perley Rideau's strategic leader. As such, his main effort is in inspiring commitment to the Health Centre's vision and the fulfillment of the Perley Rideau's strategic objectives. The CEO:

- Provides overall leadership and direction for the Perley Rideau;
- Provides clear direction with challenging but attainable performance objectives for self and others;
- Runs an effective team, motivating staff, resolving conflicts and recognizing achievements;
- Is an individual of integrity, serving as the ethical and moral compass for the Health Centre;

- Sets a personal example in everything he does, demonstrating initiative, capacity, comportsment and work/life balance and displaying commitment to the Perley Rideau's vision, thus inspiring others towards its attainment;
- Communicates effectively, inspiring openness to others' ideas and perspectives and promotes cross-functional dialogue;
- Promotes an effective corporate culture that reflects the organization's values; fosters innovation, cooperation and collaboration; supports a healthy and safe work environment; challenges the status quo; strives for continuous improvement; and facilitates team performance for quality service delivery.

SETTING STRATEGY AND VISION

The CEO will help evolve the corporate vision, define organizational goals, formulate strategies and objectives, and align the Perley Rideau's resources to fulfill that vision. The CEO:

- Maintains a comprehensive situational awareness of the evolving environment in provincial health care;
- Develops strategy proposals for recommendation to the Board and ensures that agreed strategies are reflected in the business;
- Displays innovation in strategic planning and resource utilization;
- Demonstrates effective risk management, identifying strategic risks and opportunities affecting the Health Centre, managing risk and formulating mitigating strategies;
- Demonstrates adaptability and effectiveness in re-aligning organizational goals with the Perley Rideau's evolving strategic objectives and changing operational realities;
- Develops multi-year operating plans, consistent with the Perley Rideau's vision, mission and strategic objectives, for presentation to the Board for support;
- Plans human resourcing to ensure that the Perley Rideau has the capabilities and resources required to achieve its plans;
- Maintains robust management succession and management development plans.

EXECUTIVE MANAGEMENT

The CEO will develop and maintain organizational structures, systems, policies and processes to meet the Perley Rideau's operational needs in providing excellent service, quality of care, quality of life and safety to its residents in an efficient manner. The CEO:

- Conducts the business of the Perley Rideau to achieve operational results, as established by the Board, consistent with agreed plans, strategies and policies;
- Develops and maintains an organizational structure, operating philosophy and management systems that are effective, efficient and sustainable in the design, delivery, and quality of the Perley Rideau's programs and services;
- Develops and maintains an effective framework of internal controls over risk that ensures compliance of all Perley Rideau programs, services and activities with governing legislation, directions, program guidelines and contractual obligations;
- Manages the organization's resources within budget guidelines according to current laws and regulations;

- Seeks continuous performance improvement in organizational effectiveness and efficiency with emphasis on resident quality of care, quality of life and safety;
- Achieves effective development of the Perley Rideau's human resources, including hiring, training and development of staff, to ensure a sustainable quality and capacity of the work force and effective succession of the senior management team.

STAKEHOLDER RELATIONS

The CEO will cultivate and communicate with a broad network of internal and external stakeholders with the aim of advancing the Perley Rideau's reputation, goals and public interests. The CEO:

- Acts as key liaison with the Ministry of Health and Long Term Care, with the Champlain LHIN and with Veterans Affairs Canada, ensuring sound, effective communication and maintenance of a solid working relationship with all three;
- Serves as the primary spokesperson and representative of the Perley Rideau, ensuring that the organization and its vision, mission, programs, and services provide a consistently strong, positive image to relevant stakeholders;
- Develops and maintains a network of strategic stakeholders actively advocating for the Perley Rideau;
- Manages the relationship with the Perley Rideau Foundation to achieve full integration of effort with our Foundation partner;
- Represents the Perley Rideau and maintains an effective working relationship with key internal and external stakeholders, enhancing the Perley Rideau's visibility, image and credibility;
- Manages media relations;
- Plays a leadership role within the health care and community care communities to advance integration;

BOARD SUPPORT

The CEO will ensure that the Board of Directors receives the necessary advice, information and administrative support for the fulfillment of its functions. The CEO:

- Provides advice to the Board regarding the development and delivery of effective corporate governance practices and recommends policies for Board consideration;
- Assists the Board in developing its knowledge and competencies necessary for good governance;
- Assists the Board in undertaking the Perley Rideau's strategic planning;
- Provides timely and relevant information on all material aspects of Perley Rideau operations, including plans, performance issues, risks and opportunities in clear, concise language and with appropriate recommendations;
- Reports periodically on the sustainability of the work force and state of succession of the senior management team;
- Provides quality administrative support for the Board;
- Executes Board direction enthusiastically;

- Establishes and maintains a close relationship of trust with the Chairman, reporting key developments to him in a timely manner and seeking advice and support as appropriate;
- Assists in the recruitment and evaluation of board members and board leadership;

TARGETED OBJECTIVES

The CEO achieves annual targeted objectives approved by the Board.

2. Organization wide support

Reports to the Board of Directors and Chairs the Senior Management Strategic and Accountability Team bi-weekly meetings. Influences decisions and the decision making process to ensure the realization of the strategic plan. Ensures the organization-wide adoption of Board approved policies and frame work.

3. Minimum Education & Skill Requirement

Education

- Masters' degree: Master in Health Administration, Master in Business Administration or Master in Public Administration
- Certified Health Executive with the Canadian College of Health Leaders.

Skill

Senior management leadership with accountability to a Board of Directors in a large, multi-faceted organization with an operating budget of \$30-45 million, 500-750 staff and 200-350 volunteers.

4. Experience

Previously related experience required to perform the job:

10 years of progressive responsibility in health care and senior management roles, with a minimum of 5 years at the senior management level.

5. Initiative (Independence of action)

Works independently, strategic direction and counsel is received from the Board of Directors.

6. Consequence of Errors

- Errors by the CEO can have a serious impact on resident and client health and safety.
- Errors made by the CEO can cause serious financial losses with little to no opportunity to recover.
- Errors in judgment can cause serious public embarrassment and probable legal action.

7. Contacts

- Frequent and regular contacts with the Health Centre Board Members and members of the Board of Directors of the Perley Rideau's Foundation.
- Represents the Perley Rideau in public relations and acts as "spokesperson" for the Health Centre.
- Regular contact with local and provincial health care officials.
- Regular contacts are made with hospital executives, physicians, medical center administrators, local and regional business community leaders, volunteers.

8. Supervision or Direction Exercised

The CEO has the following 7 direct reports:

- Chief Operating Officer
- Chief of Residential Care (LTC)
- Chief Financial Officer
- Communications Director (for Health Centre responsibilities)
- Director, Community Outreach
- Executive Assistant
- Medical Director

The CEO has over 750 indirect reports.

9. Physical, Mental and Visual Demands

Minimal exertion (sitting, standing, and walking) and moderate periods of close visual and listening concentration.

10. Working Conditions

Pleasant physical work environment, with regular interruptions to accommodate needs of staff, residents, and family and others.

11. Authorization

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|  _____ M. K. Jeffery Chairman, Board of Directors | _____ 9 January 2014 DATE |
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PERFORMANCE MANAGEMENT FOR THE CEO

Adopted by the Board January 2010

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Section 1

OVERVIEW

General

The Perley and Rideau Veterans' Health Centre (Perley Rideau) is incorporated under the laws of Ontario and operates primarily as a Long Term Care facility. Its mission is to provide excellent long-term and dementia care for its veteran and community residents and to provide a range of health care services to help seniors stay in their homes longer. The Perley Rideau is primarily the home of its residents and is to be operated so that it is a place where they may live with dignity and security, safety and comfort, and have their physical, psychological, social, and spiritual and cultural needs adequately met.

To fulfill the mission of the Perley and Rideau Veterans' Health Centre, the Board of Directors employs a competent, full time Chief Executive Officer (CEO), (sometimes referred to as the Executive Director). The CEO manages the day-to-day affairs of the Perley Rideau, putting into practice the organizational culture, values, operating principles and parameters set out by the Board of Directors.

To assist the incumbent in achieving and maintaining the best performance of which he/she is capable, the Perley Rideau follows a defined process for the management of the CEO's performance.

Objectives

The objectives of performance management for the CEO are:

- to encourage excellent performance by setting clear objectives that are linked to leadership competencies and corporate plans and by evaluating the CEO's performance in light of those objectives;
- to recognize and reward strong performance and identify under-performance; and,
- to provide a rational basis for determining competitive compensation.

Principles

The performance management process followed by the Perley Rideau for the CEO is based on the following principles:

- Performance management is a shared responsibility involving the Chair of the Board of Directors, the Executive Committee, the Board and the CEO.
- It fosters open, two-way communications between the Board and the CEO.
- It is relatively straightforward to understand and administer.
- Evaluation is against as objective criteria as practicable, which support the Perley Rideau's strategic directions, corporate objectives and priorities.
- There should be no surprises.

Fundamental Elements

The fundamental elements of the process for the management of the CEO's performance comprise the following:

- An up-to-date **Position Description** defining the CEO's principal roles and core accountabilities.
- An up-to-date **Employment Agreement** defining the terms of the CEO's employment. This is a formal contract between the Perley and Rideau Veterans' Health Centre and the CEO.
- An **Annual Performance Agreement (APA)** between the Board of Directors and the CEO. The APA is a mutual understanding between the CEO and the Board of Directors as to what is expected for the upcoming performance cycle. The APA is comprised of both ongoing core accountabilities and targeted objectives with performance measures or indicators of success defined for each.
- A formal **Performance Management Process** comprising performance planning, coaching, evaluation and review.
- A **Compensation Plan**. An effective CEO Compensation Plan is integral to the success of the performance management system. The Compensation Plan includes provision for both advancement within the defined range for base salary as well as provision for a reward element for superior performance.

Performance Management Cycle

The performance management process used by the Perley Rideau follows an annual cycle including the following activities:

- **Performance Planning:**
 - Defining and agreeing on the CEO's Core Accountabilities, including defining how each accountability is to be demonstrated;
 - Updating the CEO's Position Description and revising the Employment Agreement as necessary to reflect any agreed changes;
 - Defining the Targeted Objectives for the forthcoming reporting period, again including success indicators as to how achievement of the objective is to be demonstrated; and
 - Concluding the Annual Performance Agreement between the Board and the CEO for the next cycle.
- **Coaching and feedback**, as appropriate throughout the reporting period, provide the necessary feedback to help guide the CEO in fulfilling his/her ongoing core accountabilities and achieving the specified performance objectives. Such feedback provides a basis for future performance planning and helps to ensure that the formal performance review contains no surprises.
- **Performance Review** The annual Performance Review is the formal process for evaluating the degree to which the CEO has met his/her core accountabilities and achieved the targeted performance objectives as agreed by the Board. The review serves as the basis for improving CEO performance and for building the next year's performance plan. It also serves as the basis for determining appropriate compensation for the CEO. The review process comprises three phases:
 - Evaluating the CEO's performance;
 - Performance review with the CEO; and
 - Recommending the CEO's compensation for Board approval.

Section 2

PERFORMANCE PLANNING

Performance planning begins with the setting of the CEO's performance goals for the coming year. Performance goals are drafted by the CEO with input from the Executive Committee, reviewed by the Executive Committee and approved by the Board.

Setting Objectives

1. Performance planning is carried out during operational planning for the following year, (e.g.. 2010 objectives are developed in October/November 2009 during the preparation of the next budget). It begins with reviewing the accountabilities in the CEO's position description to ensure that they continue to be appropriate and that there is mutual understanding as to the performance standards that will apply in evaluating fulfillment of these accountabilities.
2. Performance objectives for the forthcoming year are defined for both the Core Accountabilities and the Targeted Objectives.
 - a. **Core Accountabilities** are expectations that do not usually change from year to year. They include such ongoing activities as financial management, human resources management, business planning, policy development and program delivery.
 - b. **Targeted Objectives** relate to significant, non-recurring projects or initiatives that are linked to specific corporate plans and objectives and warrant the CEO's attention during the forthcoming performance cycle. Although completion times for these initiatives may exceed the fiscal year and they may require approvals beyond the CEO's authority, the objectives identify achievable results that are within the capabilities, influence and control of the CEO
3. For each Core Accountability and Targeted Objective clear statements of the expected performance and success indicators against which these performance objectives will be evaluated are provided.
4. Reference material used in preparing the objectives includes the previous year's performance review, the CEO's Position Description, the CEO's Employment Agreement, the Perley Rideau's Strategic Plan and its Operating Plan for the coming year, as well as the results of any audits, compliance checks or other forms of performance survey which might indicate unfulfilled performance expectations.

5. In the beginning of October, the Executive Committee provides the CEO with guidance for his/her performance objectives for the following year. The CEO then prepares a set of targeted performance objectives and submits them to the Executive Committee. All performance objectives should:
 - a. Be accompanied by related performance measures or success indicators, which are observations or data that determine and define if and how well the objectives are met. They will form the basis for performance evaluation at the end of the performance cycle;
 - b. Support achievement of the Perley Rideau's strategic plan and the associated implementation milestones for the coming fiscal year; and,
 - c. To the extent practicable, they should be **SMART** (i.e. **S**pecific, **M**easurable, **A**chievable, **R**easonable and **T**imed). (However, given the nature of a CEO's role, it is recognized that many objectives may not be "measurable" in the usual sense.)

Annual Performance Agreement (APA)

1. The Executive Committee meets with the CEO to review the CEO's performance objectives for the next year. Together they develop the draft Annual Performance Agreement (APA), the detailed statement outlining the CEO's Core Accountabilities and the more specific Targeted Objectives for the coming year.
2. The number of Targeted Objectives is normally limited to five (5) objectives at the commencement of the period under review. Depending on the evolving objectives of the Perley Rideau, up to two additional performance objectives may be added to the APA subsequently.
3. The APA must be developed in time for approval by the Board of Directors at its December meeting.
4. The CEO and the Chair of the Board sign the Annual Performance Agreement and provide a copy for inclusion in the CEO's personnel file.
5. Changes may be made to the Annual Performance Agreement during the performance cycle by agreement between the Board of Directors (represented by the Chairman) and the CEO.
6. If as a result of the Annual Performance Agreement changes are necessary in the CEO's Employment Agreement or his/her Position Description, such changes will be subject to negotiation.
7. Achievement of the accountabilities and objectives in the APA provides the necessary linkage between results and reward.

Section 3

PERFORMANCE EVALUATION

Evaluation is the heart of performance management. An effective system for evaluating the CEO's performance will:

- Facilitate Board-CEO communications and shared understanding regarding organizational and CEO performance expectations;
- Recognize and reward excellence;
- Assist the CEO to build upon personal strengths and overcome weaknesses;
- Provide the Board and the CEO with information to detect early signs of problems;
- Create a sense of teamwork between the CEO and the Board, making it more likely that the CEO will receive the support of the Board in difficult times;
- Facilitate performance planning for the next cycle;
- Clearly relate CEO performance to compensation;
- Help the Perley Rideau achieve its current operational goals;
- Demonstrate leadership that will strengthen the Perley Rideau and assure its long term success;
- Demonstrate to regulators and stakeholders that the Board is effectively providing the necessary oversight of the CEO's performance; and
- Protect the Corporation against related lawsuits.

As such, the process can be as important to the Perley Rideau's long-term health as the specifics of the actual evaluation.

Evaluation Principles

In developing tools and processes for evaluating the CEO's performance, the following principles apply. The system must:

- Be:
 - Seen to be fair and objective,
 - Comprehensive enough to cover the full range of CEO accountabilities;
 - Reliable and consistent year over year;
 - Relatively straightforward to administer;
 - Results based (ideally data driven): and

- Weighted towards the long-term institutional success of the Perley Rideau.
- Focus on the concrete aspects of quality and organizational effectiveness (as reflected by accreditation audits, compliance reviews, financial performance, satisfaction surveys, etc.).
- Look beyond the near-term results, favouring long term organizational performance over short term executive survival;
- Reflect the actual duties and priorities of the CEO as outlined in the Position Description and Annual Performance Agreement;
- Promote growth and development of the CEO; and
- Promote dialogue between the Board and the CEO.

Perley Rideau System for Evaluation

The Perley Rideau's system for evaluating the CEO's performance has been developed based on the principles outlined above. Board expectations are described in terms of Core Accountabilities and Targeted Objectives which are documented in the CEO's Annual Performance Agreement.

Core Accountabilities

As stated earlier, **the Core Accountabilities** are expectations that do not usually change from year to year. The five principal areas of accountability for the CEO follow:

- **Leadership:** The CEO is the Perley Rideau's strategic leader. As such, his main effort is in inspiring commitment to the Health Centre's vision and the fulfillment of the Perley Rideau's strategic objectives.
- **Setting Strategy and Vision:** The CEO will help develop the corporate vision, define organizational goals, formulate strategies and objectives, and align the Perley Rideau's resources to fulfill that vision.
- **Executive Management:** The CEO will develop and implement organizational structures, systems, policies and processes to meet the Perley Rideau's operational needs in providing excellent service, quality of care, quality of life and safety to its residents in an efficient manner.
- **Stakeholder Relations:** The CEO will cultivate and communicate with a broad network of internal and external stakeholders with the aim of advancing the Perley Rideau's reputation, goals and public interests.

- **Board Support:** The CEO will ensure that the Board of Directors receives the necessary advice, information and administrative support for the fulfillment of its functions.

Evaluating performance in these areas does not always lend itself to quantitative measures. For each area of core accountability the Rating Guide offers several indicators that the incumbent is successfully fulfilling this responsibility. Factual information and data over a longer term are more reliable indicators of success in meeting these ongoing accountabilities than anecdotal information.

Note: The success indicators deal with those results that are readily foreseen for the CEO at any time. However, it is recognized that the success of a CEO often depends on resolving unforeseen events that may turn into crises if not managed wisely. Annual evaluations should take into account such unforeseen events.

Targeted Objectives

Targeted Objectives are priority areas of focus identified in the Annual Performance Agreement that are linked to the strategic plan and corporate objectives. They are challenging but achievable with effort through the individual's own influence and control. They are results-oriented and to the extent possible, should be SMART¹.

Performance Ratings

The rater evaluates each core accountability and targeted objective against the Indicators of Success reflected in the Annual Performance Agreement using the following ratings:

- **Unsatisfactory.** The CEO failed to satisfactorily fulfill a particular core accountability or a targeted objective for reasons that were within his/her control.
- **Met Expectations.** The CEO did achieve fully satisfactory results in fulfilling that core accountability or targeted objective.
- **Well Above Expectations.** The results achieved by the CEO significantly exceeded the success indicators of the Annual Performance Agreement.
- **Unable to Assess.** For justifiable reasons, the rater is unable to assess performance for that accountability or objective, (perhaps due to unfamiliarity with that aspect of the CEO's work, a prolonged absence of the CEO, the

¹ **SMART:** Specific, Measurable, Achievable, Reasonable and Timed

delay or suspension of a targeted objective for reasons beyond the control of the CEO, etc.)

Global Rating

A Global Rating is required to determine the CEO's compensation. In particular, it is used in determining eligibility for pay increments within the salary range and for any short-term performance bonus for results that exceeded expectations.

The Global Rating reflects an aggregate consideration of the ratings for both the core accountabilities and the targeted performance objectives. It should reflect not only the CEO's performance against his/her objectives, but also the relative scope and complexity of the challenges faced. Global Ratings should be based on the results achieved, as well as on the manner in which they were achieved.

The rater will award a Global Rating in accordance with the following guidelines:

Outstanding – Year over year performance that significantly exceeds the requirements for both the Core Accountabilities and the Targeted Objectives, demonstrates the CEO's advanced competency, and brings ongoing recognition and credit to the Perley Rideau.

This rating is assigned to the rare CEO who routinely surpasses all expectations with performance that is far above the defined job expectations. Clearly, the CEO has demonstrated an unusual degree of leadership both within the Perley Rideau and the health care community and has demonstrated superior effectiveness as an administrator. Considerations include:

- How have the results far exceeded the defined expectations for the position?
- How do the CEO's contributions clearly move the Perley Rideau forward?
- Does the CEO proactively initiate and lead change that advances beyond the Perley Rideau's defined objectives and/or the Board's expectations?
- Does the CEO continually apply ever-increasing job knowledge, skill and experience to address challenges and/or to lead new initiatives?
- Does the CEO consistently achieve extraordinary success in meeting unforeseen challenges?
- Does the CEO accomplish high work quality and productivity by enhancing individuals and work groups' performance amidst significant obstacles?
- Is the CEO a recognized leader, contributing to the advancement of health care beyond the Perley Rideau?
- To what extent does the CEO contribute to the fine reputation of the Perley Rideau throughout the health care community?

Superior – Performance consistently exceeds most requirements and meets all other expectations of the Annual Performance Agreement.

This rating is assigned to a CEO who exceeds expected results for most Core Accountabilities and Targeted Objectives. Considerations include:

- How have the results exceeded expectations in the majority of the success measures?
- Is the contribution clearly identifiable and attributable to the CEO?
- Does the CEO consistently seek out, accept, and achieve additional responsibilities that will increase job knowledge and skills?
- Does the CEO actively seek out and welcome change that supports continuous service/program improvements?
- Does the CEO strongly exhibit positive behaviour that promotes and influences cooperation from others?
- To what extent has the CEO successfully led necessary change to overcome setbacks and other unforeseen events?

Fully Satisfactory – *Performance is consistently solid and reliable, meeting the requirements of the Core Accountabilities and may exceed the requirements in some of the Targeted Objectives.*

This rating is assigned to a CEO who consistently demonstrates effective organizational behaviour and achieves the expected results in all areas, perhaps exceeding expectations in some. Considerations when assigning this rating are:

- Does the CEO always demonstrate competent performance and fully meet expectations in all Core Accountabilities?
- Does the CEO occasionally exceed the defined requirements in some of the Targeted Objectives?
- Does the CEO successfully pursue opportunities to increase job knowledge/skills and apply new knowledge effectively to meet objectives?
- Does the CEO support and readily adjust to changing situations and priorities?
- Does the CEO consistently influence positive working relationships?

Improvement Required - *Performance meets some, but is below the requirements of other Core Accountabilities or Targeted Objectives. There is need for further improvement or experience on the job before performance will fully meet the objectives expected.*

This rating may be assigned to a CEO who is new to the position, is in the process of gaining a new skill or competency and is working towards becoming fully proficient, or does not meet expectations in one or more of the areas of principal responsibility. Other considerations in assigning this rating include:

- Which Core Accountabilities or Targeted Objectives were not met at the full working level?
- Does the CEO attempt to pursue development opportunities and/or apply new skills to meet objectives/standards?
- Does the CEO exhibit proactive problem solving to improve/and or adjust to situations or work processes?
- What behaviours are occasionally displayed that are not supportive of effective relationship building that could be detrimental to the Perley Rideau?

Unsatisfactory - Performance does not meet requirements of the objectives and significant improvement needs to be demonstrated in the short-term.

This rating is assigned when a CEO's performance is consistently below the minimum acceptable expectations, the CEO has not responded well to coaching and counseling, and termination is being considered. Consider the following about the individual performance level:

- Is the unsatisfactory performance attributable to lack of job knowledge or skill, inexperience or personal suitability?
- Does the CEO exhibit an inability to apply job knowledge/skills that may be addressed by a development opportunity or further coaching?
- How does the CEO demonstrate initiative to complete objectives and/or adjust to changing situations?
- What inappropriate behaviours and actions are displayed that create ineffective relationships within or outside the Perley Rideau?

Section 4

PERFORMANCE REVIEW

Performance review is the communications process by which the performance management system provides the necessary feedback to build upon success, strengthen the CEO's performance, inspire greater achievement and lay the foundation for the next performance management cycle. Effective two way communications are the lubricant that keeps the performance management system operating smoothly.

Coaching and Feedback

Coaching and feedback should be regular and ongoing throughout the performance cycle. As appropriate, it provides necessary feedback to help guide the CEO in fulfilling his/her ongoing core accountabilities and achieving the specified performance objectives. Drawing on input from the Executive Committee regarding specific performance-related comments, the emphasis here is on communication between the CEO and the Chairman. Such feedback provides a basis for future performance planning and helps to ensure that the formal performance review contains no surprises.

- Coaching discussions could include:
 - Progress towards specific performance goals and objectives;
 - Identifying areas of strength and areas for improvement in fulfilling core accountabilities;
 - Providing guidance and support; and
 - Recognizing achievements.
- Coaching and feedback can take place in many ways including:
 - A brief exchange, e.g. comments on a job well done;
 - A private meeting between the Chairman and the CEO; e.g. a discussion aimed at improving performance, knowledge or skills;
 - Other opportunities such as Executive Committee meetings;
- Accountability for providing coaching and feedback lies with the Chairman. However, that does not prevent the CEO from seeking feedback.

Interim Reviews

At the request of either the CEO or the Executive Committee, an Interim Review may be conducted to determine whether performance is on track and to provide an extra opportunity for the Executive Committee and the CEO to have a performance dialogue.

Interim Reviews will be informal. If performance correction is required, performance observations and action plans to address those performance deficiencies must be discussed and documented. If no performance correction is required, no additional documentation is needed.

If as a result of an interim review, it is necessary, to make any significant changes to the expectations outlined in the Annual Performance Agreement, they should be negotiated and approved by the Board during the performance cycle, not at the end of the cycle.

Annual Performance Review

The annual performance review is the formal process for evaluating the degree to which the CEO has met his/her core accountabilities and achieved the targeted performance objectives agreed by the Board. The review serves as the basis for improving CEO performance and for building the next year's performance plan. It also serves as the basis for determining appropriate compensation for the CEO.

The Performance Review phase of the cycle includes a formal discussion between the Chair of the Board and the CEO to discuss his/her performance based on prior reviews and the Annual Performance Agreement approved of the Board. The CEO's year-end performance review is conducted by the Executive Committee, which makes recommendations to the Board for approval not later than February of the following year. Under certain circumstances, such as the development of a new CEO, the Executive Committee may decide that an Interim Review is warranted.

At the end of the performance cycle, the CEO is invited to prepare a self-assessment for review by the Chair and Executive Committee. The Committee reviews the CEO's performance against the objectives set out in the Annual Performance Agreement, and prepares an assessment of the CEO's performance. The Executive Committee develops an overall rating of the CEO's performance in relation to both the Core Accountabilities and the Targeted Objectives and makes recommendations to the Board for appropriate compensation.

The review process follows:

1. On behalf of the Board, the Executive Committee initiates the Annual Review process at the end of the Corporation's fiscal year, (in January).
2. The Chairman requests that the CEO provide a self-assessment of the degree to which the objectives of the Annual Performance Agreement have been fulfilled. The CEO may provide a written performance summary, provide any other relevant material and/or provide an oral report to the Executive Committee.
3. Other information that may be used for assessment by the Executive Committee includes such supporting material as:

- a. The CEO's Position Description and the current Annual Performance Agreement;
 - b. Information provided by the CEO in support of his/her self-assessment;
 - c. Reports on any aspect of organizational performance such as financial audits, accreditation surveys, and compliance checks including any unmet standards, satisfaction surveys, formal complaints, unusual occurrences, etc.
 - d. Prior CEO performance evaluations;
 - e. Input specifically requested from others;
 - f. Commendations, letters of recognition, testimonials or awards; etc.
4. In January, each member of the Executive Committee individually evaluates the CEO's performance. Performance is reviewed against the achievement of the Core Accountabilities and Targeted Objectives as demonstrated by the success indicators and performance measures in the APA.
5. Prior to the February Board meeting, the Executive Committee meets to:
- a. Review the CEO's performance against each of the objectives set out in the Annual Performance Agreement;
 - b. Consolidate their individual evaluations into one performance appraisal;
 - c. Determine a Global Rating of overall performance. (In accordance with Chapter 3, the Global Rating is based along a five-tier scale from Unsatisfactory performance through Fully Satisfactory performance to Outstanding performance over a long period bringing great credit to the Perley Rideau);
 - d. Consider any reward element to the CEO's compensation (consistent with the compensation process outlined in Chapter 5); and
 - e. Develop recommendations to the Board with respect to their performance evaluation and the implications for the CEO's compensation package.
6. At the February Board meeting, the Board will consider the Executive Committee's recommendations and finalize the CEO's evaluation and compensation.
7. Once the Board has made these decisions, the Executive Committee can then complete the CEO performance evaluation.

8. The Chairman will subsequently hold a performance review interview with the CEO in March to:
 - a. Debrief on the Board's approved Performance Evaluation and its decision concerning any compensatory action;
 - b. Identify performance strengths and weaknesses and discuss areas for enhancing the CEO's effectiveness;
 - c. Discuss the CEO's career development objectives;
 - d. Begin planning for the next performance period; and
 - e. Advise the CEO of the compensation agreed by the Board.
9. A signed copy of the completed performance evaluation shall be retained in the Human Resources section.

Unsatisfactory Performance

In the event of overall unsatisfactory performance and the failure of the incumbent to respond to remedial initiatives, the Board may consider terminating employment.

The Employment Agreement outlines the process for terminating the CEO's employment.

Section 5

COMPENSATION

The Perley Rideau's approach to compensation for the CEO is designed to maintain a competitive position in attracting and retaining the highest calibre of incumbent. To do so, it recognizes the abilities, skills and experience of the CEO and places a high value on performance in terms of effort focused on and results achieved in the fulfillment of defined objectives vital to the Perley Rideau's vision and mission. This approach should assist in recruiting candidates who satisfy the Perley Rideau's requirements, in retaining the valued employee, and in recognizing superior performance. It should be internally fair and externally competitive, and should help control payroll costs in the long term.

The CEO's compensation package may comprise several elements, all of which shall be defined in the CEO's Employment Agreement, including:

- Reward Elements of Salary and Performance Bonus;
- Pension Benefits;
- Leave Entitlements;
- Other Perquisites; and
- Cost of Living Adjustment (COLA): Separate from pay increments made within the base salary range, the Board may award a cost-of-living adjustment².

Guiding Principles

The guiding principles for the compensation of the CEO are:

- **Internal Fairness:** The CEO's salary should be internally consistent with the salary ranges of the Perley Rideau's senior management team. The total compensation package should be tied to the overall performance of the Perley Rideau in meeting its corporate goals and objectives, and in particular the degree to which the CEO contributed to their attainment.
- **External Competitiveness:** In order to recruit and retain a high calibre CEO with the necessary skills and experience, the salary should be consistent with the Board's desired position in the marketplace.

² Historically, the Board's practice has been to award a COLA consistent with the COLA awarded to the Perley Rideau non-unionized employees.

- **Performance Based:** The structure of the CEO's compensation package should provide opportunity for the Board to reward (or not reward) its CEO on the basis of the incumbent's performance in carrying out his/her responsibilities and in meeting (or not meeting) the performance objectives established in the Annual Performance Agreement.
- **Compliance with Legislation:** The Perley Rideau's approach to compensation must meet the requirements of any relevant legislation.
- **Ease of Access to Market Information:** The approach followed by the Perley Rideau should facilitate market comparisons on an ongoing basis to establish and maintain a competitive and internally fair compensation structure.

Structure for Reward Elements

Below is a description of the reward elements of Perley Rideau's compensation plan for the CEO:

- **Salary Range:** The minimum to maximum salary range is set based on an external market compensation review to assess base salary and short-term incentive practices for like positions in the province of Ontario. In determining the CEO's salary, consideration should be given to all elements of the overall compensation package. The salary range can be adjusted to reflect changes in market competitiveness.
- **Base Salary:** The base salary is set to attract and retain. Base salary recognizes the CEO's present value and may also reflect the individual's potential and future worth to the Perley Rideau.

In determining a CEO's starting base salary, the Board may consider such factors as the individual's current professional knowledge, skills and experience, market conditions, growth potential, etc. Regardless, the initial base salary carries with it an implied minimum acceptable level of performance and increases at a rate that is commensurate with the incumbent's level of knowledge, skill and experience in the job until the job rate (the maximum of the salary range) is reached. The Board may define pay increments within the salary range or otherwise specify how quickly an incumbent can proceed through the salary range.

Base salary is reviewed annually by the Executive Committee and the Board in conjunction with the CEO's annual performance evaluation. In particular, the Global Rating, reflecting an aggregate assessment of the CEO's performance, is taken into account.

Any significant growth in the CEO's job (requiring new skills, greater competencies, and more experience) may warrant consideration for adjusting the base salary.

Base salary is pensionable.

- **Performance Bonus:** In order to recognize performance that clearly exceeds expectations (as defined in the Annual Performance Agreement), the Board may award a lump-sum, non-permanent, performance bonus payment not to exceed 10% of base salary annually. Considerations for such a bonus include performance that exceeded expectations, was consistently meritorious performance and/or demonstrated advanced competency which significantly contributed to the Perley Rideau's recognized excellence in health care delivery. The final amount of performance pay awarded depends on the degree to which the objectives were achieved, the relative contribution of the individual, the scope and complexity of the individual's challenges, and the manner in which the results were achieved. Further, the Board must determine that a performance bonus is affordable.

Performance bonuses are not pensionable.

Note 1. All increments in base salary, and bonuses are dependent on the CEO having a Global Rating of at least "Fully Satisfactory". He/she must have met or exceeded the expectations of the Annual Performance Agreement.

Note 2. Payment of performance bonus for the CEO will be determined once per year reflecting performance for the completed fiscal year. For instance performance bonus will be in accordance with the CEO's performance from January 1 to December 31. A Performance bonus will be made as a lump sum payment as soon as possible in the next fiscal year.

Eligibility

- A serving CEO is eligible to receive pay increments within the salary range and possibly a performance bonus.
- A new incumbent in the CEO role is eligible to receive a pay increment if he/she has been part of the Perley Rideau workforce for a minimum of 6 months on December 31st of that fiscal year. The increment will be pro-rated to the number of months of service within that fiscal year, then a 12-month cycle thereafter.
- The CEO needs to have remained in employment through six months to be eligible for any pay increment and/or a performance bonus for that fiscal year. Any pay increment and/or performance bonus would be pro-rated to the number of months of service within that fiscal year.

- If the CEO is on an authorized absence (i.e. leave of absence) he/she is eligible for a pay increment and/or performance bonus pro-rated to the number of months of service not on leave of absence within that fiscal year.
- If the CEO chooses to retire, he/she needs to have remained in employment through six months to be eligible for any pay increment and/or performance bonus, which would then be pro-rated to the months of service within that fiscal year.

Section 6

ADMINISTRATION

The table below summarizes the responsibilities for the administration of the Perley Rideau's performance management system for the CEO.

| | |
|----------------------------|--|
| Chairman | <p>Acts as the communication link between the Board,/Executive Committee and the CEO for all matters relating to compensation including, but not limited to:</p> <ul style="list-style-type: none"> • Base salary and pay increments, and any performance bonuses; • The Annual Performance Agreement; and • The Annual Performance Review |
| Executive Committee | <p>Advises the Chairman and the Board with respect to the foregoing. In particular; the Committee:</p> <ul style="list-style-type: none"> • Drafts the Annual Performance Agreement, establishing the specific work objectives with defined, measurable outputs or outcomes for each; • Evaluates the CEO's performance for the period, including fulfillment of the responsibilities and success factors outlined in the Position Description, as well as meeting the expectations of the objectives of the Annual Performance Agreement; • Makes recommendations on all aspects of compensation. |
| Board of Directors | <ul style="list-style-type: none"> • Approves the Annual Performance Agreement, the Annual Performance Review and any compensation implications. |
| CEO | <p>Contributes to the performance management process by:</p> <ul style="list-style-type: none"> • Suggesting appropriate performance objectives with measurable outcomes for the Annual Performance Agreement; • Conducting a self-assessment of his own performance in terms of both the fulfillment of the responsibilities and success factors of the Position Description as well as meeting expectations regarding the Annual Performance Agreement; • Ensuring that all related administrative details are completed; (e.g. agreed documents are appropriately signed, maintaining appropriate records, etc.) |
| Human Resources | <ul style="list-style-type: none"> • Provides secretariat and support services. |

**The Perley and Rideau Veterans' Health Centre
DRAFT GOVERNANCE GUIDE**

PART 3 – EXECUTIVE AUTHORITY

Chapter 2

NON-BOARD OFFICERS

2.1 GENERAL

The executive officers of the Perley Rideau are Non-Board Officers who are appointed by the CEO to carry out executive management functions delegated to them by the CEO. The Non-Board Officers are the Chief Operating Officer, the Chief Financial Officer, and the Medical Director.

The Terms of Reference for the Non-Board Officers follow.

2.2 CHIEF OPERATING OFFICER'S RESPONSIBILITIES

The Chief Operating Officer (COO) reports to the CEO and provides expert strategic advice to the CEO, Board of Directors and Board Committees in order to enhance the facility's overall operating capacity. In partnership with the CEO, the COO sets annual goals for the organization to support the achievement of Perley Rideau's Strategy. The COO supports the CEO in a manner which allows the CEO to maximize the external aspects of the role. The COO provides overall leadership for operational matters and leads all quality and safety improvement activities. The role includes oversight of Nursing Operations, Clinical Practice, Human Resources and Community Outreach and Programming (including Seniors Housing).

2.3 CHIEF FINANCIAL OFFICER'S RESPONSIBILITIES

The Chief Financial Officer (CFO) reports to the CEO and provides expert strategic and operational advice to the CEO, the Board of Directors and Board Committees in the areas of financial planning and management, financial risk management and corporate compliance/reporting to ensure the organization has capacity to continually improve the well-being of those under its care. The CFO is responsible for the Perley Rideau's corporate finance, procurement, stewardship, and oversight to ensure transparency and sound financial management for the Corporation in compliance with Generally Accepted Accounting Principles (GAAP) and Ontario Healthcare Reporting Standards (OHRS). The CFO directs treasury, budgeting, audit, tax, accounting, and financial risk management. The CFO also provides oversight to the Director of Support Services which

includes: Food Services, Housekeeping, Linen Services, Property (Facilities) Services, Material Management, Security and Information Technology.

2.4 MEDICAL DIRECTOR'S RESPONSIBILITIES

The Medical Director is responsible for clinical and administrative direction for the medical services at the Health Centre and leads a team of approximately 15 physicians. The Medical Director provides advice to the CEO and the Board of Directors on medical care and services. The Medical Director recruits attending physicians and is accountable for the development, implementation and evaluation of medical services, according to professional expectations and standards of the Ministry of Health and Long-term Care. In addition, the Medical Director provides clinical care as an attending physician for residents.
