

## NORTH BAY REGIONAL HEALTH CENTRE (NBRHC)

<b>Policy and Procedure</b>		<b>Policy Number</b>	ADM-BO-005	
<b>Title</b> CEO Performance Evaluation and Compensation		<b>Policy category</b>	<input type="checkbox"/> Departmental <input type="checkbox"/> Organization Wide <input checked="" type="checkbox"/> Board	
		<b>Manual</b>	Board	
		<input checked="" type="checkbox"/> New <input type="checkbox"/> Minor <input type="checkbox"/> Major <input type="checkbox"/> Reviewed, no change		
<b>Origination Date</b>	Reviewed by Governance March 22, 2012, Approved by Board April 13, 2012	<b>Developer</b>		
<b>Effective Date</b> <small>(date this version came into effect)</small>		Governance Committee		
<b>Cross References (NBRHC or legacy organization policies)</b> Not applicable		<b>Comparable Policy from service provider within NBRHC Facility</b> Not applicable		

**NOTE:** This is a **CONTROLLED** document. Any document appearing in a paper form should **ALWAYS** be checked against the online version prior to use.

### 1.0 Purpose

To ensure that the CEO exercises effective leadership in conducting the affairs of the Hospital and working with the Board of Directors. The policy also outlines the compensation practices of the Hospital for the Chief Executive Officer. The performance review process is intended to be developmental.

### 2.0 Policy Statement

#### Accountability

The Board of Directors delegates' responsibility for overseeing the annual performance evaluation and compensation process to the Executive Committee of the Board, as specified in the Administrative Bylaws. Following completion of the performance evaluation process, the Executive Committee shall report the results of the review to the Board. It will also make recommendations to the Board regarding compensation.

### 3.0 Minor Revision History

Not applicable.

### 4.0 Definitions

Not applicable.

### 5.0 Materials required

Competency Evaluation Tool – available via the Executive Assistant

## **6.0 Procedure**

### **6.1. Performance Evaluation**

The Board of Directors believes that the CEO should be evaluated based on two main criteria: his or her Achievement of Results, and his or her Behavioral Competencies. These two criteria are described below:

### **6.2. Achievement of Results**

The Board recognizes that the overall organizational performance and the CEO's performance are inextricably linked. Therefore, monitoring the CEO's performance will be an ongoing process measured using the tools that the Board uses in evaluating the Hospital's overall performance. The CEO shall be evaluated on the achievement of the Strategic Directions and Goals. The Healthcare Report Card will be used throughout the year to track progress. More specifically, targets will be set that are specifically measurable and able to be significantly influenced by the CEO directly.

### **6.3. Competency Model**

The Competency Model measures the key behavioral competencies that have been deemed essential for successful performance by the CEO. The Competency Model will be reviewed each year to ensure that it continues to reflect the hospital's requirements.

Demonstration of the key competencies by the CEO shall be determined through a multi-rater feedback process, determined by the Board from time to time. Typically, the evaluation tool will be completed in a 360 degree fashion every other year and completed by the Board only in opposite years.

### **6.4. Compensation**

Compensation levels for the CEO shall take into account:

- Applicable laws
- Performance based on tools and metrics developed
- Experience, skills and competencies necessary to fully achieve the leadership results mandated for the position in the opinion of the Board of Directors
- The appropriate peer level for NBRHC (beds, budgets, employees, regional partners)
- Market conditions
- Improvements in qualifications
- Annual Executive Salary Survey Reports conducted by the Ontario Hospital Association
- Advice and counsel of executive search firms engaged by the NBRHC for the purposes of completing an executive search project for these positions
- Factors outside the control of the CEO
- Overall organizational staff increases.

More specifically, given the current laws restricting changes in total compensation, the Board will focus its efforts in managing the performance based pay as contemplated in the CEO contract. Notably, the contract calls for performance based pay up to 12.5% of the annual base salary payable. The assessment of performance will be made based on performance targets and benchmarks set by the Board for the relevant fiscal year. The hospital's quality improvement plan standards will form part of the performance standards and benchmarks. 5% of base salary will be tied to Quality Improvement Plan targets and 7.5% will be tied to Non-QIP targets developed by the CEO and the Executive Committee annually.

**NOTE:** the 5% is based on the percentage currently at risk for direct reports to the CEO. If this changes in future years, the percentage allocated to the CEO for QIP target achievement will also change, as will the non-QIP percentage, so that the total percentage is still 12.5%. Once again, limits prescribed by the legislation will take precedence over Hospital determined percentages.

The Executive Committee shall report to the Board (In Camera) and seek ratification of its compensation recommendations.

### **6.5. Dispute Resolution**

The Board has the final decision on all matters relating to the CEO's evaluation and compensation. The Board will consult with the CEO in advance of making any changes to compensation or evaluation methods.

### **6.6. Timing**

The Annual Performance Evaluation period is the fiscal year. Accordingly, the evaluation process will take place during the spring of each year. In April of each year, the Competency Evaluation Tool will be populated. The results of the Competency Evaluation Tool will be presented at an In Camera session at the May Board meeting, without the presence of the CEO. Concurrently, a compensation recommendation and development plan will be developed by the Executive Committee and subsequently shared with the Board. If applicable, shorter term targets may be set and an interim determination of performance based pay shall be made at an earlier time.

### **7.0 Appendices/Educational Materials**

Not applicable.

### **8.0 References**

Not applicable.

### **9.0 Content Experts/Stakeholders**

<b>Content Expert/Stakeholder</b>	<b>Date Sent</b>
Governance Committee	March 2012
Board of Directors	April 2012

### **10.0 Signing Authority Approval**

<b>Position</b>	<b>Date Signed</b>
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Chair, Board of Directors	
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