



Compensation

ABOUT COMPENSATION

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The CICA best practices for Director compensation (which generally apply to elected official compensation - Councilor) include:

- Directors (Councillors) should be adequately compensated for their time and effort
- There should be no distinction in pay for Directors (Councillors) performing similar roles (time and effort)
- Distinctions should be made for Directors (Councillors) with greater responsibilities e.g. Board chair (Mayor), committee chair, committee service
- Setting and disclosing Director (Councilor) pay should be a deliberate and transparent process.

CICA also points out some risks related to executive compensation (which generally applies to CAO and senior management compensation):

- Risk that executive compensation programs will not attract and retain a strong and effective management team
- Risk that the relationship between pay and performance is deficient, encouraging or reinforcing inappropriate executive behavior or decisions
- Risk of approving compensation plans that deviate from defensible/optimal “best practices”
- Reputational or legal risks if responsibilities are not adequately discharged.

COUNCIL COMPENSATION

1. What compensation elements are available and appropriate?
2. What are the relative merits of a fixed annual fee approach (a “salary” covering all Council and committee service) versus a component-driven variable (per meeting) pay approach?
3. Who should be involved in setting the amount of compensation?
4. Has Council considered obtaining independent recommendations on Council compensation and for what purpose might independent advice be required?
5. Is there a Council compensation philosophy and is it reasonable?
6. How does the Mayor and Councilor compensation, in total and by element, compare to the other municipalities? What factors have been taken into account in selecting the comparative group? What is the process and timing for reviewing comparators?
7. How should the Mayor’s pay be structured?
8. Is the current total Mayor compensation appropriate?
9. Should elected officials be able to participate in benefit plans, pensions, etc. similar to employees?

10. What guidelines and monitoring policies should be in place to monitor payments for expenses?
Are they in place and how is compliance monitored?

CAO AND SENIOR MANAGEMENT COMPENSATION

11. Is it understood where the ultimate responsibility rests for oversight of CAO compensation?
Senior management compensation?
12. Are the members of Council sufficiently independent for purposes of determining CAO compensation?
(Examples of things that might limit independence of a Councilor are a family relationship/personal friendship, a similar type of employment, compulsive fixation on reducing taxes, etc.)
13. Has Council considered obtaining independent advice and for what purpose might independent advice be required?
14. Is it clear who (e.g. the Mayor, a Council committee, an independent committee, management) is recommending and/or supporting the reasonableness of the compensation recommendation?
15. Is there a clear consensus among the members of council on best practices and have they been formalized?
(Best practices might include the way compensation is determined, when performance is appraised, the relationship of the appraisal to the compensation decision)
16. What is the Council's position on disclosure of senior management compensation (in addition to the CAO and Designated Officer disclosure required in the financial statements)?
17. Do you have a contract with your CAO? Other senior management? Does Council understand the complete range of payout options?
18. How do the CAO and other senior management compensation, in total and by element, compare to the comparative market? What factors have been taken into account in comparator group selection? What is the process and timing for reviewing comparators?
19. Are the performance measures and standards used in the performance appraisal appropriate? Is it understood how subjectivity and/or discretion are to be applied in determining the ultimate performance allowance?
20. Is there a proper process in place to monitor payments for expenses received by the CAO and other senior management?