



Institut sur la gouvernance  
d'organisations privées et publiques

# **Unregulated Working Conditions of Senior Staff and Senior Executives**

**Policy and Accountability Elements**

**DECEMBER 2017**



This document is intended to help CEGEPs strengthen their institutional governance by providing their governors and managers with guidance on how to draft a policy on accountability and unregulated working conditions for senior staff and senior executives.

## **General principle**

Policies and by-laws are governance levers used by a college Board of Governors (the “Board”) to fulfill its mission and mandate. The Board’s role is therefore to define policies that reflect its public service vision and values, to guide action, and to establish by-laws to support their implementation.

The Board is responsible for ensuring that institutional resources, procedures and other management practices are effective and compliant with the law, its policies and its strategic, financial and budgetary plans. To fully discharge this responsibility, the Board relies on full, honest and clear rendering of accounts by the college’s administration.

The fact that a college administration reports on its activities and budgetary management to the Secrétariat du Conseil du trésor (SCT), the Ministère de l’Éducation et de l’Enseignement supérieur (MÉES) or other government entities according to a pre-established administrative format and schedule in no way releases it from full accountability to the institution's governing body, the Board of Governors.

When adopting or modifying a policy, the Board should consider the following general accountability and good governance rules:

*Implementation accountability requirements*

Concerning the implementation of a policy or by-law, should the Director General report to the Board on a regular or ad hoc basis, i.e. monthly, bi-annually or yearly, or only when an event or situation occurs that triggers a mechanism or procedure described in the policy or by-law?

*Deviation and risk*

When (appropriate time) should the Board be informed of a significant deviation from a plan, budget or procedure and, if applicable, justification provided and/or corrective action taken?

*Review calendar*

How often will the Board conduct a critical policy review (yearly, in three years or in five years)?

A competent, effective Board is not timid, knows its role, respects management's role and holds it to account.

## **UNREGULATED WORKING CONDITIONS OF SENIOR STAFF AND SENIOR EXECUTIVES**

The working, employment and remuneration conditions of college senior staff and senior executives are set out in Québec regulations administered by the MÉES.

Each institution completes this ministerial regulatory mechanism by adopting its own policy for senior staff and senior executives in which it sets out, among other things, unregulated working conditions such as vacation and holiday plans.

The senior staff management policy allows the Board to avail itself of the discretionary powers conferred by provincial regulations regarding additional remuneration in situations involving multiple management roles, performance bonuses and severance pay.

In his fall 2016 report on the management of certain CEGEPs, the Auditor General of Québec (VGQ) noted, however, that since fiscal 2014-2015, independent auditors no longer have the explicit mandate to ask questions in order to verify the conformity of the classification and remuneration of management staff.

### **Recommendation of the Auditor General**

17 Ensure that governance bodies receive sufficient and timely information so they can fulfill their role in strategic decision-making and in overseeing the effectiveness of controls pertaining to:

[...]

- the unregulated working conditions of senior staff and senior executives.

## Roles and responsibilities

- ✓ The Board adopts and sees to the application of a management policy for senior executives and a policy for senior staff.<sup>1</sup>
- ✓ The Board Chair or the Human Resources Committee they chair evaluates the senior executives and determines the contractual conditions specific to their employment (e.g. vacations and holidays).
- ✓ The Board Chair and governors who participated in the evaluation and hiring process (employment contract and renewal of senior executive contracts) have a duty of discretion and confidentiality.
- ✓ The Director General, together with the Human Resources Committee, administers the college's senior staff management policy and reports to the Board even if it has exercised its responsibility with the approval of its Executive Committee.
- ✓ The Human Resources Committee, with the support of the Director General, administers the college's senior executive management policy and reports to the Board.
- ✓ The Director General and the Human Resources Committee must inform the Board of any deviation from the senior staff and senior executive management policies, provide justification for the deviation and, if necessary, obtain the Board's approval.
- ✓ The Audit and Finance Committee recommends an independent auditor to the Board and defines their mandate not only to validate the financial statements but also to perform certain other compliance verifications, in particular, concerning unregulated conditions of employment.

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<sup>1</sup> When the *Regulation on the dissemination of information held by educational institutions* (non-definitive title) comes into force, the Board will also be responsible for ensuring that certain information concerning the working conditions of senior executives is posted on the institution's website. See Appendix 1.

## **Elements of a policy on unregulated working conditions of senior staff and senior executives**

All CEGEPS have a management policy for their senior and managerial staff and one or more policies (management, performance evaluation, appointment and mandate renewal) for their senior executives over and above provincial regulations establishing certain working conditions to which they are all subject.

Concerning these policies, it is up to the Board to decide:

- ✓ the reporting framework it expects on the implementation of its management policy;
- ✓ the scope of the independent auditor's mandate. Nothing prevents the Board from requesting that the auditor ask questions about the classification and remuneration compliance with its policy and with provincial regulations. The purpose of this exercise is to provide the Board with reasonable assurance that its policy is effective and compliant. Such a review could be timely and relevant when there is high turnover in senior staff in a given year;
- ✓ whether to avail itself of its right to establish certain additional remuneration (e.g. premium, performance bonus);
- ✓ whether to offer a more generous vacation and holiday plan.

### *Reminder for information purposes*

Extract from the mandate letter sent by the New Brunswick Minister of Post-Secondary Education to the president of the NBCC for fiscal 2014-2015.

*“Government expects that the remuneration and benefits paid to president and chief executive officer will be competitive with, but not lead, the remuneration and benefits provided for similar work by fair and reasonable employers in the relevant labour markets.”*

In Québec, when drafting policies setting the employment conditions for senior executives, the Board and its Chair should take care to ensure that the conditions are not better than what is offered in comparable markets.



# **APPENDIX**

## **DRAFT REGULATION ON THE DISSEMINATION OF INFORMATION HELD BY EDUCATIONAL INSTITUTIONS**

**Information that institutions could be required to post on their websites**

**Templates**



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REGULATION ON THE DISSEMINATION OF INFORMATION HELD BY EDUCATIONAL INSTITUTIONS (draft)  
**Remuneration and other benefits paid to senior management staff**

Data at *Month Day, Year (fiscal 201X-201X)*

Last Name	First Name	Position	Salary	Other Benefits Paid	
				Amount	Description

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REGULATION ON THE DISSEMINATION OF INFORMATION HELD BY EDUCATIONAL INSTITUTIONS (draft)

**Executive vehicle – Senior management staff**

Period covered, e.g. **July - September 2018**

Vehicle – Member's Name	Lease	Insurance	Gas	Maintenance

Period covered, e.g. **October - December 2018**

Vehicle – Member's Name	Lease	Insurance	Gas	Maintenance

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REGULATION ON THE DISSEMINATION OF INFORMATION HELD BY EDUCATIONAL INSTITUTIONS (draft)  
**Official expenses - Senior management staff**

Period covered, e.g. **July - September 2018**

**NAME OF MEMBER** who incurred the official expense

Position

Description of Expense	Date	Amount

**NAME OF MEMBER** who incurred the official expense

Position

Description of Expense	Date	Amount