



Memorandum to: Business Board
Executive Committee

For: Business Board Meeting of May 7, 2007
Executive Committee Meeting of May 17, 2007

Agenda Item: 3

Item Identification: Policy on Appointments and Remuneration

Business Board Revisions to the terms of reference for the Senior Salary Committee.

Executive Committee Revisions to the *Policy on Appointments and Remuneration*, including the recommended revisions regarding the Senior Salary Committee.

Revisions to the terms of reference of the Executive Committee of the Governing Council.

Sponsor:

Rose M. Patten, Chair of the Governing Council, on behalf of the Senior Salary Committee which comprises the Chair and Vice-Chair of the Governing Council, the Chair of the Business Board, one additional alumni member of the Governing Council (currently Mr. Stephen Smith), one additional member of the Business Board (currently Dr. Alice Dong) and the President.

Jurisdictional Information:

Business Board – The Board is responsible to the Governing Council for personnel policy and, under the *Policy on Appointments and Remuneration*, receives periodic reports from the Senior Salary Committee on its activities. In this context, it is asked to consider proposed changes to the terms of reference of the Senior Salary Committee.

Executive Committee – The Committee considers policy proposals relating to delegation of the Governing Council’s authority to appoint employees.

Previous Action Taken:

In the *Policy on Appointments and Remuneration*, the Governing Council has provided for delegation of its powers to appoint employees and to set compensation. Included in these arrangements are the establishment and the terms of reference of the Senior Salary Committee. The Policy was last revised in 2006 to reflect changes in the Council’s delegated authority for approval of academic administrative appointments. These appointments are now considered for approval by the Agenda Committee of the Academic Board and reported to the Board for information. At that time, routine updates were also made, reflecting titles and other policy changes, and to include a provision for the appointment of senior legal counsel.

Major revisions occurred in 1999 when the terms of reference were altered to enable the Senior Salary Committee to concentrate more on compensation programs rather than on individual compensation decisions. Those revisions required that the Committee continue to deal individually with the most senior positions, in terms of administrative responsibility and/or compensation value, but allowed it to delegate to the President or other officers individual decisions made within a policy framework and with appropriate reporting arrangements.

Action Sought:

Business Board

THAT the proposed revised terms of reference for the Senior Salary Committee, as set out in the revised *Policy on Appointments and Remuneration*, dated March 7, 2007, be recommended to the Governing Council for approval.

Executive Committee

THAT the proposed revised *Policy on Appointments and Remuneration*, dated March 7, 2007, be recommended to the Governing Council for approval.

THAT the terms of reference of the Executive Committee be revised to include the following: “The Executive Committee approves appointments to various senior University positions as determined from time to time by Governing Council policy.”

Highlights:

In 2004, then Vice-Chair Rose Patten completed a review of the Senior Salary Committee that considered the *Policy*, the Committee’s terms of reference and practices with respect to senior compensation decisions and reporting. The review led the Committee to introduce refinements in its processes and to provide greater transparency with respect to its activities through better communication. It also signaled the need for a more clearly articulated senior compensation framework informed by external survey data and internal comparative data. Since then, the establishment of that essential framework and the articulation of its underlying principles have also helped to strengthen compensation processes and decisions on which the Committee receives regular reports.

The Senior Salary Committee, considering these continuous advances in the context of current best practices in governance, asked the President and the Secretary to re-draft the *Policy on Appointments and Remuneration*. They were asked to recommend revisions, if appropriate, that would:

- reserve to the Governing Council itself the most senior appointments;
- delegate responsibilities for other appointments in a manner consistent with the intent of Council’s delegation to the Agenda Committee for academic administrative appointments;
- facilitate responsive decision-making with respect to appointments, taking into account the dual sensitivities of confidentiality and time pressure;
- strengthen the Committee’s contribution by allowing it to focus on matters of compensation policy and strategy, specific key individual compensation decisions

and oversight of compensation decisions made within approved policies and programs; and

- maintain accountability and transparency, both for appointments and for compensation.

At its meeting of March 5, 2007, following consultation on earlier drafts, the Senior Salary Committee considered and recommended for approval a revised *Policy*. Key changes include:

- re-naming the Senior Salary Committee to be the Senior Appointments and Compensation Committee (SACC).
- delegating to the Executive Committee approval of appointments to the position of Deputy Provost, Associate and Vice-Provost, Chief Financial Officer, Senior Legal Counsel and Deputy Secretary of the Governing Council.
- delegating to the Senior Appointments and Compensation Committee approval of appointments to the position of Assistant Vice-Presidents and Assistant Secretaries of the Governing Council.
- clarifying the language of Section 10(b), Suspension and Removal, to specify the role of the Executive Committee.
- formalizing the roles of the Vice-President, Human Resources and Equity and the Vice-President and Provost as assessors to the Committee.
- clarifying the role of the SACC with respect to compensation programs for staff whose compensation is not determined through collective negotiations.
- specifying the responsibilities of the SACC with respect to compensation policies and practices for corporations established by the University of Toronto.

The distribution of appointing responsibilities is summarized in Appendix A attached to the proposed revised *Policy*. In parallel with its consideration of the proposed *Policy* changes, the Senior Salary Committee also reviewed and updated its *Regulation #1*, which addresses decision-making and reporting on compensation. The revised *Regulation* is included here for reference and to provide full context, as are the current *Policy* and *Regulation*.

Approval of the recommended revisions to the *Policy on Appointments and Remuneration* will necessitate one revision to the terms of reference of the Executive Committee to incorporate the responsibility for approving particular appointments.

Financial Implications:

None.

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