

ANNEX G

PERFORMANCE MEASUREMENT FRAMEWORK

INTRODUCTION

1. The Contract contains terms for payment of a Performance Incentive Fee (PIF). The PIF is made available by Health Canada (HC) to encourage the Contractor to provide exceptional performance under the contract. The maximum PIF amount is paid for achieving the maximum level of beneficial performance.
2. The Performance Measurement Framework (PMF) covers the administration of performance evaluation indicators in order to award a PIF.

DEFINITIONS

Annual Performance Report (APR)	An annual report sent by Canada to the Contractor outlining the overall performance of the Work delivered by the Contractor during the Contract Year.
Annual Performance Score (APS)	The total weighted score of all four KPIs.
Contract Nurse Performance and Conduct of Work Report	A report completed by HC, the Nurse In Charge, or its delegate(s) when there are issues and / or concerns with the nursing practice, demonstrated competencies and / or personal / professional conduct of a Contract Nurse. (see Appendix D of Annex A)
Contract Year:	Each twelve month period that occurs throughout the duration of the Contract. The initial Contract year is calculated starting on the date of Contract Award and ends twelve months later at which point the next Contract Year begins.
Direct Benefits (DB)	Transactions incurred by the Contractor during performance of the Work that include: <ol style="list-style-type: none"> a. <u>Aboriginal Business Subcontracting</u>: Subcontracting a portion of the Work, or goods or services required by the Contractor to deliver the Work, to a qualified Aboriginal Business as defined under the PSAB. b. <u>Aboriginal Employment</u>: Full-time, Part-time and Casual employment of Aboriginal Persons as defined under the PSAB. c. <u>Aboriginal Training and Skills Development</u>: In house and on the job training opportunities and skills development for Aboriginal Persons as defined under the PSAB.

Fully Complied Task Authorization (FCT)	<p>A TA is considered a FCT when all obligations stipulated in article 1.2.3.3 and article 2.1.1 of the Contract are met, and maintained, throughout the duration of the TA. When the Contractor's obligations are only partially met, the task authorization will not be considered a FCT.</p> <p>Any authorized TA cancelled by Canada due to the services provided by the Contract Nurse being no longer required will be considered a FCT. Any TA that is cancelled prior to its authorization will not be considered a FCT.</p>
Fully Replaced Contract Nurse (FRCN)	<p>Replacement of any Contract Nurse working under a task authorization completed in accordance with article 2.1.1 of the Contract.</p>
Indirect Benefits (IB)	<p>Relevant socio-economic measures, other than Direct Benefits, such as, but not limited to, specialized training, career development, scholarships, and community outreach programs to help local Indigenous communities meet their economic development needs.</p>
Key Performance Indicator (KPI)	<p>Measures developed by Canada to monitor the performance of the Contractor.</p>
Minimum Annual APC Transaction Value	<p>The minimum percentage of the total value invoiced to Canada (excluding taxes) that needs to be incurred on either Direct Benefits, Indirect Benefits or a combination of both for services rendered under the Contract for each Contract Year.</p> <p>The Minimum Annual APC Transaction Value for each contract year (including options) is defined at Annex F.</p>
Performance Evaluation Team (PET)	<p>Consists of the Technical Authority (TA), the Task Authorization Authorities (TAAs), the Contracting authority (CA), and the APC authority.</p>
Performance Review Board (PRB)	<p>Consists of HC's First Nations Inuit Health Branch (FNIHB) Executive Director, the Public Service and Procurement Canada (PSPC)'s Service and Technology Acquisitions Management Sector (STAMS) Director General, and a Senior Program Officer from Indigenous and Northern Affairs Canada (INAC).</p>
Total Number of Task Authorizations (TNT)	<p>The total number of Task Authorizations sent to the Contractor by HC, including fully complied, partially complied and non-complied tasks.</p> <p>Any TA that is cancelled prior to its authorization will not count towards the TNT total.</p>
Total Replacement Requirements (TRR)	<p>The total number of instances where the Contractor was obligated to replace a Contract Nurse in accordance with article 2.1.1 of the Contract.</p>

AIM

3. The aim of the PMF is to provide a method to measure the Contractor's performance levels. It establishes clear evaluation procedures and provides for effective communication between the Contractor and representatives of Canada.
4. The PMF focuses on, and supports, the main goal of the Nursing Agency Services' Contract which is to have the Contractor provide and manage nursing services to supplement HC's workforce. To that end, the measure with the highest weighting is the percentage of FCT by the Contractor.
5. This performance evaluation is based on quantitative measurements. Canada recognizes that throughout the duration of the contract, the PMF may be required to be modified in order to accommodate changes to management objectives, motivate higher performance levels, improve the performance incentive determination process, or any other reasons as required. Any recommended changes to the PMF, whether made by the Contractor or Canada, require approval from both parties. Once approved, the revised PMF will only go into effect once a Contract Amendment has been issued to reflect the changes.
6. Health Canada will make the following annual amounts available as a PIF for each Contract Year:

Manitoba: \$400,000.00
Ontario: \$400,000.00
Quebec: \$100,000.00
Alberta: \$50,000.00

ORGANIZATION

7. The organizational structure of the PMF includes the following:
 - a. The PET will monitor the Contractor's performance throughout the Contract Year and provide quarterly feedback.
 - b. The PRB will review the recommendations of the PET and will make the final decision with respect to approving the PIF for any Contract Year.
8. General Information:
 - a. The PET will determine, in accordance with the PMF, the amount of PIF for which the Contractor is eligible.
 - b. The PIF will be available at the end of the Contract Year. For more details, refer to article 10 of this annex.
 - c. PIF determinations are not subject to the Dispute Resolution clauses of the Contract. Whether Work is added and/or deleted from the Contract, the PIF amount available will remain as per article 6 above.
 - d. The threshold value for PIF evaluation is set at an Annual Performance Score of 80. For more details, refer to article 33 of this annex.

- e. If the Contractor is in default of its obligations under the Contract then no PIF will be awarded to the Contractor for that Contract Year.

ANNUAL PERFORMANCE EVALUATION PROCEDURES

9. The annual performance evaluation procedures are described in the following articles.

a) Quarterly

Within 30 working days after the end of a quarter, the Contractor must send the PET an interim report, with substantiation, detailing the current KPI scores for that quarter (as calculated by the Contractor). Canada and the Contractor will have the opportunity to raise observations and concerns on the report in order to reconcile their data and maintain transparency into the process.

b) Annually

- I. Within 5 working days after the end of a Contract Year, the Contractor must send the PET a report, with substantiation, detailing the final Key Performance Indicator (KPI) Scores for that Contract Year (as calculated by the Contractor);
- II. Within approximately *25 working days following the Contractors provision of the KPI scores to the PET, Canada will generate an interim APR using the KPI Score;
- III. The interim APR, outlining the overall performance of the Work delivered by the Contractor during the evaluation period, will be sent to the Contractor. The Contractor must either confirm its agreement with the interim APR or raise any observations or concerns that they may have on the interim APR to the PET representatives within 5 working days following its receipt.
- IV. Within approximately *45 working days after the end of the Contract Year, the PRB will make a decision as to whether or not to approve the APR;
- V. Within approximately 5 working days following PRB approval, the final APR, including the PIF amount will be sent to the Contractor and HC's internal finance unit. The PRB decision, once rendered, will be considered final.

* = the APC Report (refer to Annex F) must have been submitted, and approved, by the APC Authority in order to validate the KPI 4 score prior to proceeding.

10. The following table outlines the estimated schedule of activities covering the performance evaluation period. If required, the schedule will be revised during the Contract Start-up Phase.

ANNUAL PERFORMANCE EVALUATION	Estimated Schedule
KPI Score sent by Contractor and received by Canada	1 st week July
PET prepares an Interim APR	1 st week August
Contractor's input on the Interim APR received	2 nd week August
PRB meeting	1 st week September
PET Final APR / PIF Decision rendered	2 nd week September

PERFORMANCE EVALUATION CRITERIA AND SCORE

11. This PMF includes four KPIs. The Contractor's performance in the Contract Year will be graded using the evaluation criteria below, which will be used to determine the PIF. The evaluation criteria are as follows:

- a. KPI 1: Fully Complied Task Authorizations (FCT);
- b. KPI 2: Fully Replaced Contract Nurses (FRCN)
- c. KPI 3: Nurse Performance Reports (NPR)
- d. KPI 4: Direct Benefits for Aboriginals (DBA)

The criteria elements, weight structure, and data source for evaluation are shown below.

KEY PERFORMANCE INDICATOR 1

12. Description: This indicator measures the number of FCT against the Total Number of Task Authorizations (TNT) sent to the Contractor by HC, including fully complied, partially complied and non-complied tasks. This indicator constitutes the essence of the Contractor's mandate. As such, the value is proportional to the importance to HC.

13. Value: 65% of the Total APS.

14. Source of data: As calculated by Canada.

15. Frequency of data collection: Data will be collected and analyzed on a quarterly basis. However, only the final APR will be used for determination of the PIF.

Method of Determining KPI Score

16. Fully Complied Task Authorizations (KPI 1 Score)

The KPI 1 Score will be calculated as follows:

$$KPI\ 1\ Score = \left(\frac{FCT}{TNT} \right) \times 100$$

Basis for Measuring Percentage: The KPI 1 Score will be calculated by dividing the number of FCT for the Contract Year, over the number of TNT issued since the beginning of that Contract Year multiplied by 100.

Urgent tasks and ESRs as defined in article 1.2.3.3.3 and article 1.2.3.3.4 of the Contract will not be included in this calculation.

TAs that have been authorized, but whose period of performance have not yet completed, will be included in the next Contract Year, as applicable.

KEY PERFORMANCE INDICATOR 2

17. Description: This indicator measures the Contractor's capacity to replace Contract Nurses in accordance with article 2.1.1 of the Contract when required. Both replacement of Contract Nurses that were foreseeable and unforeseeable to the Contractor are measured in this indicator.
18. Value: 20% of the Total APS.
19. Source of Data: As calculated by Canada.
20. Frequency of Data: Data will be collected and analyzed on a quarterly basis. However, only the final APR will be used for determination of the PIF.

Method of Determining KPI Score

21. Contractor's capacity to replace Contract Nurses (KPI 2 Score)

The KPI 2 Score will be calculated as follows:

$$KPI\ 2\ Score = \left(\frac{FRCN}{TRR} \right) \times 100$$

Basis of Measuring: The KPI 2 Score will be calculated by dividing the number of Fully Replaced Contract Nurses (FRCNs) during the Contract Year by the Total Replacement Requirements (TRR) that occurred since the beginning of that Contract Year multiplied by 100.

Should the TRR equal 0 in any Contract Year, the Contractor will receive a score of 100% for KPI 2.

KEY PERFORMANCE INDICATOR 3

22. Description: This indicator measures the competency of the Contract Nurse, and their preparedness to deliver services in Remote, Isolated and Semi-Isolated First Nation Communities as per Practice Standards and Guidelines.
23. Value: 10% of the Total APS.
24. Source of Data: As calculated by Canada. The TA on behalf of Canada will collect Performance Reports.
25. Frequency of data collection: Data will be collected and analyzed on a quarterly basis. However, only the final APR will be used for determination of the PIF.
26. Basis of Measuring: For each occurrence throughout the Contract Year that a negative Contract Nurse Performance and Conduct of Work Report is generated, where the nature and / or severity of the issue(s) raised in the report warrant that the Contract Nurse be removed from the community, and / or HC approved Contract Nurse Roster, the Contractor will lose 20 points, out of a total of 100 points available for the Contract Year on this performance indicator.

Example: If at the end of a Contract Year, 3 negative Contract Nurse Performance and Conduct of Work Reports have been generated where the nature and / or severity of the issue(s) raised in the report warrant that the Contract Nurse be removed from the community, and / or HC approved Contract Nurse Roster, the final KPI #3 score would be as calculated below:

Total number of points deducted: 3 X 20 points = 60 points

Final KPI 3 Score: 100 - 60 = 40 points

* If the Contractor loses 100 points or more, the final score for this criterion will be 0.

KEY PERFORMANCE INDICATOR 4

27. Description This indicator measures the amount of money spent by the Contractor on Direct Benefits as per the Aboriginal Participation Component.
28. Value: 5% of the Total APS.
29. Source of data: As calculated by Canada. (Refer to Annex F for Details)
30. Frequency of data collection. Data will be collected and analyzed annually.

Method of Determining APC Score

31. The APC Score will be calculated as follows:

$$KPI\ 4 = \left(\frac{DB}{MATV} \right) \times 100$$

Basis of Measuring: The KPI 4 Score will be calculated by dividing the value of the Direct Benefits (DB) created during the Contract Year by the Minimum Annual APC Transaction Value (MATV) multiplied by 100.

If the sum of the Contractor's Direct Benefits and Indirect Benefits for any given Contract Year result in a value that is less than MATV, then the Contractor's score for that Contract Year will be 0 for this KPI.

If the total APC score is greater than, or equal to, 150 the Contractor will receive one additional point to their total Annual Performance Score.

ANNUAL PERFORMANCE SCORE

32. The Contractor's Annual Performance Score (APS) will be established by weighting each KPI, as defined below, and adding them together. The APS will be calculated as follows:

$$APS = (KPI\ 1\ Score \times 0.65) + (KPI\ 2\ Score \times 0.20) + (KPI\ 3\ Score \times 0.10) + (KPI\ 4\ Score \times 0.05)$$

The APS will be rounded to the closest single digit (with no decimal places).

33. Performance Incentive Fee Pool: The following schedule establishes the PIF percentage in relation to obtained APS:

Annual Performance Score	Percentage of Performance Incentive Fee Pool
80	50%
81	52.5%
82	55%
83	57.5%
84	60%
85	62.5%
86	65%
87	67.5%
88	70%
89	72.5%
90	75%
91	77.5%
92	80%
93	82.5%
94	85%
95	87.5%
96	90%
97	92.5%
98	95%
99	97.5%
100	100%

No Performance Incentive Fee will be paid when the APS is less than 80.