

# Terms of Reference: Remuneration & HR Committee 2024

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**Terms of Reference**

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## Status

- 1 Under paragraph 29 of Schedule 1 to the Public Audit (Wales) Act 2013, the procedural rules of the Wales Audit Office (WAO) may provide for the establishment of committees to which the WAO Board may delegate any of its functions.
- 2 The Board has established a Remuneration and HR Committee to advise it on whether the WAO's policy framework for human resource management, development and reward supports the strategic aims and objectives set by the Board.

## Role

- 3 The Committee's role is to provide independent assurance and advice to the Board on whether the terms and conditions of WAO staff and the underpinning policies:
  - (a) support the delivery of the WAO's statutory duties and strategic aims;
  - (b) enable the efficient, effective and economic conduct of business; and
  - (c) comply with regulatory requirements, including ensuring that the disclosures in the annual remuneration report are in accordance with legal requirements.
- 4 The Committee is not responsible for, nor does it comment on, the detailed processes and procedures of policy implementation which are a matter for the Chief Executive.

## Responsibilities

- 5 The Committee advises the Board by scrutinising and challenging three broad areas of human resources management and development:
  - (a) governance –
    - major changes in the organisational structure of the senior team as proposed by the Chief Executive
    - the appointment of directors who report directly to the Auditor General as Chief Executive and of engagement directors or leads for the Senedd Commission and the Welsh Consolidated Fund
    - the implementation of the Workforce Strategy by monitoring the delivery plan;
  - (b) performance –
    - changes to the performance appraisal systems, policies or processes and implementation of performance appraisal processes
    - review of a summary of the annual performance of the Executive Directors, who report directly to the Auditor General as Chief Executive, against the collective and individual objectives set at the start of the year.

(c) policy and remuneration –

- the WAO's overall terms and conditions of employment, including pay scales and the pay strategy, significant changes to terms and conditions and any novel or contentious policies.<sup>1</sup>
- review of talent management and succession planning arrangements
- the application of policies to the senior team, specifically in respect of applications for voluntary exit
- the application of the voluntary exit policy to other employees where the exit cost is £95,000 or more
- settlement agreements for directors on the senior team and for other staff where the exit cost is £95,000 or more.

6 The Board has reserved to itself::

- (a) setting the workforce strategy (or equivalent);
- (b) setting and scrutiny of key performance measures as part of monitoring the delivery of the business plan;
- (c) setting and scrutiny of the following policies (including differently named equivalents) –
  - health and safety
  - equality and diversity
  - information governance
  - IT security
  - document and records management
  - social media.

7 Subject to corporate policies, and with the Board's agreement, the Committee may obtain external, expert advice which will be procured in line with WAO procurement processes.

## Authorised activities

8 The Board authorises the Committee:

- (a) to investigate any activity within its terms of reference and to comment and advise on arrangements within the WAO;
- (b) to obtain from WAO staff any documents or other information that it requires to carry out its duties;
- (c) to obtain, in line with corporate policies and with the Board's agreement, external, expert advice as it deems necessary in the discharge of its

<sup>1</sup> Novel or contentious means any new policies or changes to existing policies that could lead to disagreements, for example with the trades unions or that could carry reputational or other risks

responsibilities, including obtaining reliable, up-to-date information about remuneration in other organisations.

## Membership and Quorum

- 9 The Committee consists of two employee members of the WAO Board and three non-executive members of the WAO Board, all of whom are appointed by the Board, with one of those non-executive members appointed by the Board as Chair of the Committee. The individuals having such membership being those who are recorded as appointed from time to time in the Board's minutes.
- 10 Appointments to the Committee are for a period of up to four years which may be extended for a further period of up to four years. In appointing the Chair and members the Board will ensure that the Committee as a whole has the range of skills needed to allow it to carry out its overall function.
- 11 The Public Audit (Wales) Act 2013 (PAWA 2013) requires that for any meeting of the Board or its Committees to be quorate a majority of the members present must be non-executive Board members. Accordingly, if a Committee meeting is fully attended, the quorum for the is the presence of three non-executive Board members.
- 12 If a non-executive Board member is unable to attend a Committee meeting, they may, subject to obtaining the prior agreement of the Committee Chair (or in their absence the Board Chair) and notifying the Board Secretary, arrange for another non-executive Board member (who is not a member of the Committee) to attend a specified meeting in their place. The substitute member will be a member of the Committee for that meeting and will participate in the meeting with the same duties and responsibilities of a member.
- 13 Alternatively, in the event that a non-executive Board member is unable to attend a Committee meeting and a substitution is not made, the Committee Chair may request that an employee member leaves the meeting and remains absent to enable it to become quorate.
- 14 The Board Secretary will record any action to manage the quorum in the minutes of the meeting (eg non-executive member substitution or the recusal of an employee Board member).

## Secretariat

- 15 The Board Secretary acts as the secretary to the Committee and is responsible for:
  - (a) ensuring that the Committee is properly constituted and advised and that there is clear co-ordination between it and the Board's other committees;
  - (b) liaising with the Chair on the programme of work;
  - (c) ensuring that the Committee receives information and papers in a timely manner to enable full and proper consideration of the issues;

- (d) preparing the draft minutes of meetings for approval by the Chair before they are distributed to members;
- (e) maintaining appropriate records of Committee business;
- (f) drafting material for the Committee's annual report; and
- (g) providing any other necessary practical support.

## Meetings

- 16 The Committee normally meets up to four times a year. The Chair of the Committee may convene additional meetings as deemed necessary. Committee members, members of the Board, the Head of Internal Audit or the external auditors may ask the Chair to convene additional meetings if they consider it necessary. The Chair will not decline any reasonable requests.
- 17 Committee meetings are summoned by the Board Secretary at the Chair's request. Except in cases of urgency authorised by the Chair, the Board Secretary will send to members a notice of each meeting confirming the venue, date and time together with an agenda of items to be discussed no later than five working days before the date of the meeting. Supporting papers will be sent at the same time.
- 18 Unless otherwise determined by the Chair for a particular meeting, Committee meetings do not need to take place in one physical place. Committee members participate in (and form part of the quorum in relation to) a Committee meeting, or part of a Committee meeting, when they can contemporaneously communicate with each other by any means. If all the Committee members participating in a meeting are not in the same place, they may decide that the meeting is to be treated as taking place wherever any of them is
- 19 In the absence of the Committee Chair (and provided all other members are present), the remaining members may elect one of themselves to chair the meeting. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.
- 20 Members who are unable to attend may raise any points with the Chair in advance of the meeting to which they relate.
- 21 Committee meetings are attended by the Auditor General (as the Chief Executive and Accounting Officer), the Executive Director of Corporate Services and the Head of HR. The Board Chair may also attend Committee meetings (if not appointed to the Committee), and Board members who are not appointed to the Committee may attend Committee meetings subject to the agreement of the Committee Chair. The WAO's external and internal auditors may attend as required by the Committee. The Committee may also ask any other WAO officials to attend to assist it with its discussions on any particular matter.

- 22 The Committee may ask any or all of those who normally attend but who are not members to withdraw from all, or any part of, a meeting to facilitate open and frank discussion of particular matters; such discussion will be minuted.
- 23 A Committee member or attendee who becomes aware of a potential or actual conflict of interest relating to matters being discussed by the Committee should give prior notification to the Chair or, if this is not possible, declare it at the meeting and, where necessary, withdraw during discussion of the relevant agenda item.
- 24 By exception, the Committee may receive items of business outside the normal cycle of meetings, for example in the event of an unexpected issue demanding an immediate or urgent response. The arrangements for convening a quorum, distributing papers and recording the Committee's deliberations set out in these terms of reference will apply.

## **Access**

- 25 The Chair of the Committee may request private discussions with the Chair of the Board, the Chief Executive, WAO staff and the representative of external audit as appropriate.
- 26 The Chair also has direct access, and may report matters of concern, to the Chair of the Senedd Finance Committee. Before exercising this right, the Chair will liaise with the Chair of the Board and with the Chair of the Audit and Risk Assurance Committee to discuss the concerns and the course of action.

## **Reporting**

- 27 The discussion at each meeting of the Committee shall be accurately minuted. The Committee will formally report in writing to the Board and the Accounting Officer after each meeting.
- 28 The Committee will formally report annually in writing to the Board on its activities and on the WAO's human resource management and development arrangements. The Committee will consider the scope and format of its draft annual report at its meeting in April / May.

## **Information requirements and programme of business**

- 29 The Committee will receive papers according to its agreed work programme which it will review at each meeting.
- 30 By exception, the Committee may also receive papers when the Chair so requests or when the Chief Executive or the Executive Director of Corporate Services considers that there are matters which should be brought to the Committee's attention, including:

- (a) any significant changes to the strategic risk register in respect of any matters relevant to the Committee's responsibilities;
  - (b) relevant decisions of the Executive Leadership Team;
  - (c) plans for, and the outcome of any relevant internal audit work including management's response to any recommendations; and
  - (d) a progress report (where appropriate) from the external audit representative, summarising any relevant work done and emerging findings.
- 31 In respect of any internal or external audit work, responsibility for providing the necessary assurances to the Board remains with the Audit & Risk Assurance Committee. The Remuneration & HR Committee will consider these matters only insofar as is necessary under its terms of reference.

## **Performance review, training and development**

- 32 The Chair will review members' performance annually in accordance with the performance management framework established for that purpose. The Chair of the Board will review the Chair's performance annually.
- 33 The Committee will consider the need for induction, training and development on an ongoing basis.
- 34 The Committee will advise the Board of any apparent deficiencies that it may from time to time identify in the collective skill sets of its membership.

## **Review of the terms of reference**

- 35 The Committee will review these terms of reference every three years and submit them, with any proposal for update, to the Board for the Board's review and approval.







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Rydym yn croesawu gohebiaeth a galwadau ffôn  
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We welcome correspondence and telephone calls in Welsh and English