

Policy and Procedure

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Pay Policy

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Framework

Introduction

- 1 We aspire to be an employer of choice at Audit Wales, attracting and retaining great people by providing attractive terms and conditions, a varied benefits package, interesting and challenging work, and a supportive and inclusive culture living our values and behaviours, creating a great place to work.¹
- 2 We recognise the importance of a pay system that treats everyone fairly, a system that is appropriate and transparent, provides value for money, and rewards employees for the work they perform. This policy sets out our approach to pay, with the objective of ensuring we have a diverse workforce, with the right people where we need them in order to deliver the work programmes of Audit Wales.

Scope

- 3 This Policy applies to all Audit Wales (the Wales Audit Office) employees, it does not include the Auditor General for Wales, Wales Audit Office Non-Executive Board Members, The Audit and Risk Assurance Committee, Workers, Contractors engaged under a contract for services and Agency engagements for which their prevailing contract will detail the terms of engagement.

Legislative Framework

- 4 Audit Wales is the non-statutory collective name for the Auditor General for Wales and the Wales Audit Office, which are separate legal entities with their own legal functions. Audit Wales is not a legal entity. The Auditor General has the auditing and reporting functions described above. The Wales Audit Office's main functions are to provide staff and other resources for the exercise of the Auditor General's functions, and to monitor and advise the Auditor General.
- 5 Part 5 of Schedule 1 to the Public Audit (Wales) Act 2013 provides for employment of staff by the Wales Audit Office and for that employment to be on such terms as the Wales Audit Office may determine. Other employment and equality legislation also applies.
- 6 Our approach to pay complies with relevant employment legislation and collective bargaining, to include, but not necessarily limited to: the Equality Act 2010, the Part-Time Employment (prevention of Less Favourable Treatment) Regulations 2000, the Agency Workers Regulations 2010.
- 7 We are proud to be holders of the National Living Wage Accreditation; and it is our intention to retain this.

¹ Where we refer to Audit Wales within this policy, this means the Auditor General and the Wales Audit Office. However, the Wales Audit Office is the legal entity with employment functions.

- 8 We undertake equal pay audits to identify any pay gaps for protected characteristics, and we publish an Equality Annual Report. We produce these documents in accordance with good practice guidance.
- 9 Whilst not mandated for the Wales Audit Office, we have prepared this policy having regard to guidance produced by the Public Services Staff Commission and the Welsh Government.
- 10 The remuneration of the Auditor General for Wales and non-executive members of the Wales Audit Office (the Board) is determined by the National Assembly for Wales, under the Public Audit (Wales) Act 2013.
- 11 The Board determines the remuneration, and terms and conditions of employment of Wales Audit Office employees. Minutes of the Board are published.
- 12 The non-executive members determine any allowance payable to employee members of the Board.

Principles

- 13 Arrangements adhere to the principles set out below:
 - **Equitable** – our employees are fairly rewarded, heard and represented, secure and able to progress in a healthy, inclusive environment where rights are respected. Decisions around payment for roles are made against the same set of guiding principles and processes, and there are processes in place so that these principles are applied in a consistent and fair way.
 - **Transparent** – the approach to reward at Audit Wales is clear and simple, and the ‘why’ being easily explainable to our employees. All our pay decisions should be based with the continued cultural emphasis on ‘felt fair’ in mind.
 - **Accessible** – to support effective scrutiny of our spending of public money, we publish this policy on a single, prominent and easily accessible place on our website.
 - **Affordability and value for money** – our pay arrangements are designed to be affordable and ensure the best use of public funds, while supporting a motivated and valued workforce.
 - **Recognises impact** – we recognise and champion the outstanding contribution and/or behaviours, of our employees. Successes are highlighted and celebrated.
 - **Our wider offer** – the employee deal is at the forefront of reward at Audit Wales, alongside other strong aspects of the reward package (our benefits). Pay is one of the many elements of the overall employee offering – the latter of which is communicated to current and potential employees.

Audit Wales Pay Structure

- 14 To ensure we can attract and retain great people, we offer an attractive and balanced package of pay and other benefits.
- 15 The pay and benefits structure is reviewed periodically under strategies set by the Board. When determining pay strategies, the Board considers:
 - the need to recruit, retain and motivate suitably able, qualified and high-calibre people who deliver the highest quality services;
 - overall affordability within available resources;
 - pay practices in the wider public sector and comparator organisations;
 - market forces where there are exceptional circumstances; and
 - relevant legal obligations including equality and anti-discrimination requirements.
- 16 Employee pay is pensionable under the Civil Service Pension Scheme.
- 17 The pay structure consists of set pay bands, with each role at Audit Wales allocated to a specified pay band. We publish current pay bands on our website. The structure is based on a job evaluation scheme agreed with our trade union partners that is designed to meet equality objectives and provide equal pay for work of equal value. Any changes to the pay structure are equality impact assessed. Equal pay audits are undertaken annually and published in our and published in our Equality Annual Report.
- 18 Job evaluation provides a score for a position, with scores grouped into ranges that equate to an established pay band. A Felt Fair Panel, comprising of management, HR and trade union representatives, reviews the evidence and determines a resultant score. There is no appeals mechanism against these scores.
- 19 Subject to satisfactory performance, assessed through ongoing structured 1-2-1 discussions, an employee will progress through the increment points within their allocated pay band unless there are formal capability concerns being addressed. There is no other form of performance-related pay.
- 20 The pay structure has been agreed with trade union partners and any changes to it are subject to consultation and negotiation with them under a collective bargaining agreement.

Transparency of senior staff remuneration and remuneration of Board members

- 21 Senior staff are defined as those in the director and Executive Director roles, pay bands C and A. Of those, the remuneration of senior staff in Audit Wales's Executive Leadership Team is reported in the annual report and accounts.
- 22 The remuneration of members of the Board is also reported in the annual report and accounts.

Pay Relativities

- 23 The lowest pay within Audit Wales is the starting rate in the pay band for work placements. The highest pay is Pay band A, Executive Director, unless the Board were to determine an arrangement by exception. We publish pay relativity comparisons between the highest and lowest-paid employees in our annual report and accounts.
- 24 Pay agreements will ordinarily take account of any particular focus needed for lower-paid employees or in helping to address any issues flagged through equal pay audits.
- 25 The Audit Wales Board approves the pay remit, either annually or for a number of years if a multi-year pay agreement is sought. Whilst we will endeavour to give an annual cost of living award, the pay remit does not form a contractual entitlement and therefore is not guaranteed.
- 26 Audit Wales will not commence pay negotiations with recognised Trade Unions before the pay remit has been approved. Discussions can take place, however, to help inform the content and nature of the pay remit. Negotiations are conducted with the aim of reaching agreement and avoiding disputes.
- 27 Salary increases and changes to the pay scales will be negotiated with the recognised trade unions, in line with the Audit Wales Partnership Agreement following approval of the pay remit by the Board
- 28 Audit Wales, together with recognised trade unions will endeavour to reach agreement on pay reviews. Where agreement is not possible, pay changes may be implemented by Audit Wales in line with its contractual arrangements with staff.
- 29 Salary reviews undertaken which result in cost-of-living changes for members of the Executive Leadership Team will be ratified by the Remuneration Committee in conjunction with the Auditor General.
- 30 Non-Consolidated payments will be discussed with the recognised Trade Unions prior to implementation and will be reviewed to ensure equality of distribution and that they are not unfairly discriminatory.
- 31 Any pay reviews undertaken will be accompanied by an Equality Impact Assessment (EqIA) at the appropriate point in time.

Appointments, Development and Exit Arrangements

Salary on appointment or internal promotion

- 32 All new employees will normally be appointed at the minimum of the appropriate pay band.
- 33 The appointing manager may exercise discretion to appoint at another incremental point above the minimum in a pay band, subject to a business case for exceptional circumstances, to be approved by the relevant Executive Director and Head of HR. Exceptional circumstances might include, for example:

- previous failure to have recruited at a particular salary, grade, specialism and/or location;
 - requirement to recruit where there is a known market premium;
 - to secure the best candidate on the day following an assessment centre, taking in to account that candidate's current circumstances;
 - the higher-level contributions the successful candidate will bring to the team are comparable with others already in the team at a higher pay point;
 - overall value for money when considering the costs of a further recruitment exercise;
 - recruiting managers must feel they can comfortably explain the salary decision to the rest of the team in assessing any cases of this nature;
 - all applications of this nature must be assessed by the Head of HR in respect of potential equal pay matters.
- 34 All discussions with the preferred candidate on the starting salary must be undertaken by HR. Recruiting managers do not have the authority to negotiate with the preferred candidate on the salary offered either during or after the interview process, even where a starting salary range has been agreed.
- 35 On internal promotion to a post, an employee will move to the incremental point in their new pay band that results in at least a 5% increase in their basic salary.
- 36 This is subject to the overall maximum of the pay band and ignores any element of their current salary that is subject to pay protection or a temporary allowance.

Pay Progression

- 37 Employees (including those on outward secondment and trainees appointed from 2024 onwards) will receive an incremental uplift in April each year provided that their performance for the most recent 1-2-1 review period has been assessed and at an approved standard (via ongoing 1-2-1 discussions and recorded objectives as outlined in the Your Performance Toolkit), that is employees must not be subject to informal or formal capability arrangements or be in the process of resitting exams.
- 38 For those Graduate Trainees and Apprentices who are resitting exams during the April uplift period; where they successfully pass their exams and have continued, sustained and proven suitable performance in their role, pay progression will be implemented from the date of exam success for that year. Subject to continued satisfactory performance further incremental progression will take place in April each year.²

² Graduate Trainees appointed in 2021, 2022 and 2023 will receive incremental progression in January during their final year of study, where it is evidenced they have successfully completed all available exams to date, and their performance in the role remains at a satisfactory standard. Those appointed from 1 January 2024 onwards will be subject to the terms contained within **paragraphs 37 and 39**.

- 39 New starters and newly promoted staff will need to be in post on or before 30 September of the previous year to be eligible for an incremental uplift in the following April. Employees recruited after this date will not be eligible for an incremental uplift until the year after, eg an employee recruited in December 2023 will not be eligible for an incremental uplift until April 2025.
- 40 For those new starters and newly promoted staff recruited before 30 September, their performance will be assessed through their probation period. Where it is necessary for a probation period to be extended to further assess an individual, no incremental uplift will be applicable for that performance year.
- 41 Employees absent on maternity/adoption/shared parental leave, sick leave, territorial armed forces duty or career breaks – type 1 will be awarded an incremental uplift if their performance for the reporting period preceding their departure was at an appropriate level of output.
- 42 Employees who are absent from work for more than six months in any financial year will not be eligible for incremental progression in the following financial year except in the circumstances outlined above.
- 43 Employees on a contract of one year or less or employees on temporary promotion of 12 months or less will be subject to the requirements above, ie in post prior to 30 September and performance of a satisfactory standard in order to be eligible for an incremental uplift in that position. Similarly, subject to satisfactory performance, an incremental uplift is also applied to their substantive post and will be applicable following their return to their substantive role.

Wider Benefits Package

- 44 In addition to an employee's salary, we offer a range of both financial and non-financial workplace benefits. This includes membership of the Civil Service Pension Scheme, access to advance of salary and salary sacrifice arrangements, excellent learning and development opportunities a generous annual leave allowance, and employee well-being schemes; all set against a modern flexible hybrid working environment. [Our employee benefits statement](#) is published on our website.
- 45 When voluntarily accessing our salary sacrifice benefits, we ensure employees remain in receipt of at least the National Minimum Wage prior to approving such requests.

Internal Talent Management

- 46 We have excellent learning and development arrangements in place to enable all our employees to be the best they can be. This includes formal training, internal knowledge sharing both formally and informally, mentoring, and coaching schemes, LinkedIn Learning, leadership programmes, together with our more formal apprentice and graduate training offer. Opportunities for promotion or secondment are advertised internally in the first instance to seek to offer career advancement and equal opportunity for all employees. We advertise externally for

roles at Head of Service/Director level and for below that level where we do not believe we have a pool of candidates internally. We encourage line managers to agree objectives with all employees through regular 1-2-1 discussions and record the outcomes in Employee Self Service.

Apprentice and Training contracts

Apprentices and Graduate Audit Trainee Scheme

- 47 We provide fixed-term training contracts, linked to studying a professional technician/accountancy qualification whilst developing on-the-job audit skills.
- 48 Other than for the specifics of the Apprentice and Graduate Trainee scheme, such as additional provision for study time, all other terms and conditions are standard across Audit Wales, notwithstanding, this engagement is a through a time-bound training contract. The pay band for the apprentice/trainee schemes forms part of the overall pay structure of Audit Wales.

Relief Workers

- 49 We operate a pool of employees on non-guaranteed-hours contracts in order to secure the necessary audit expertise in delivering the Auditor General's work programme. They provide for qualified/experienced auditors to undertake specific pieces of audit work, complementing the in-house workforce as and when needed. They are not employees, and terms of engagement are that of a worker and stated to them in their engagement documentation.
- 50 Appointments to non-guaranteed-hours arrangements will be based on merit through fair and open recruitment processes.
- 51 We will provide as much notice as possible when asking individuals to undertake work. Individuals will not be under any obligation to accept work offered to them. We will give reasonable consideration to their other responsibilities, such as studies, childcare or other caring responsibilities when discussing work programmes. Where work is cancelled at short notice, ie within 48 hours of planned commencement, we will consider covering reasonable costs incurred by individuals, for example, caring costs and travel costs, subject to the production of valid receipts to evidence the expenditure.
- 52 Individuals who do not accept work for whatever reason will not suffer a detriment as regards being offered work in the future.
- 53 Individuals who have been undertaking regular hours over an extended period of time will be reviewed on an ongoing basis by the relevant Director, Audit Services Business Unit and HR, with a view to ensuring the appropriateness of engagement terms.
- 54 Individuals will be allocated a named 'line manager' for timesheets, reporting and performance purposes. There will be opportunities for two-way feedback during and/or at the end of assignments, as appropriate.

- 55 Individuals undertaking a non-guaranteed-hours role will have access to appropriate induction, training, and development support to enable them to undertake their roles effectively. We will fund agreed training and development time and costs we deem necessary.
- 56 Individuals will be able to take annual leave, as set out in their terms and conditions of employment. Where it is not possible to arrange leave during the period of work, a payment will be made to reflect the individual's entitlement to statutory holiday pay at the end of the period of work or at the end of the individual's annual leave period.
- 57 Individuals will be able to apply, through fair and open competition, for relevant internal vacancies where such opportunities arise.
- 58 Appointment to an internal opportunity will be at the appropriate pay point as determined by the recruiting manager in conjunction with HR, following section 8 above (Appointment, Development and Exit Arrangements). It will not automatically be equivalent to the hourly rate received for relief work.
- 59 Where individuals do not accept an offer of work and are not engaged for a period of nine months or more, they will be removed from the relief auditor pool and will have the full opportunity to reapply, should this be their wish at a future point.

Employees on Temporary Promotion and Temporary Allowances

- 60 Circumstances will periodically result in an employee being absent from their post for a significant amount of time. Alternatively, there may be vacant posts that, for various reasons, take a considerable amount of time to fill. Additionally, Audit Wales may decide to ask an employee to temporarily undertake some specific additional duties and responsibilities of a higher-graded post, or to temporarily undertake project work of a specific nature, which significantly alters the level of responsibility currently held.

Temporary Allowance

- 61 In order to ensure working priorities can continue to be met, Audit Wales may ask an employee in a lower-graded post to temporarily undertake the partial duties resulting in a higher level of responsibility for the post holder. The employee will receive a temporary allowance when they agree to a request by the Manager or Director to temporarily undertake the partial duties and responsibilities of a higher graded post for a continuous period of four weeks or more. Temporary allowances will not be available to cover absences for authorised annual leave.
- 62 Under a temporary allowance, the employee will not receive an uplift in salary until they have undertaken the partial duties and responsibilities for a continuous period of a minimum four weeks (unless under exceptional circumstances approved by the Head of Human Resources). Following this period, where approved, payment will be backdated to the date of commencement of the additional duties and responsibilities.

- 63 The Manager will prepare a Business Case for submission, which should include the following information:
- the reason for the proposed arrangement and why the person concerned is suitable for the duties;
 - start and anticipated end date for the arrangement; and
 - indicative financial implications of the arrangement including confirmation that budgetary provision is available.
- 64 Business Case approval must be obtained from the Executive Director/Director, Finance, and the Head of Human Resources.
- 65 In order to have a systematic and transparent means of determining when a payment should be awarded to an employee, every application for a payment to temporarily undertake additional duties and responsibilities will be assessed by an HR Partner under the guidance of Audit Wales job evaluation scheme.
- 66 Where it is impossible to specify an end date, the payment will be reviewed after six months to ensure the temporary allowance payment is still relevant. The appropriate HR Partner will review the acting up arrangements in line with the information given by the Manager, and in the cases of a further extension, fresh approval will need to be sought. If the temporary allowance arrangement ceases prior to the six-month review, the manager should inform the HR Partner to stop the temporary payment.
- 67 A payment will not be granted in the following circumstances:
- demonstrating an increase in workload rather than duties and responsibility; and
 - where an employee is undertaking the temporary additional duties and responsibilities and those duties do not result in an increase in grade under the Audit Wales job evaluation scheme.
- 68 Payment will only be granted where the duties being temporarily assigned to the individual result in an increase to the job evaluation score under the Audit Wales evaluation scheme, placing the postholder in a higher grade in the pay and grading structure. The score attained is final and there is no right to appeal.
- 69 The employee will receive a temporary duties allowance to rise in line with this higher grade as stated in the Pay on Promotion part of this policy. No protection period will be given if duties cease.
- 70 Business Cases should be processed as soon as possible to ensure there is no delay in the additional payment to the employee following the four-week qualifying period. Where circumstances result in a delay in the completion of the Business Case and the authorisation of the additional payment, payments can be backdated up to a maximum of three months.
- 71 The temporary allowance payment will cease if the employee undertaking the temporary duties is absent for a period of four weeks or more, but will resume immediately if the employee returns directly to a post attracting the allowance.³

³ This will be reviewed case by case to eliminate any disadvantage to an individual.

72 All payments will be reviewed on an ongoing basis by the HR Team.

Temporary Promotion

73 Where a temporary opportunity to undertake the full remit of duties of a position, either vacant or where the substantive post holder is absent for an authorised reason (excluding annual leave) arises, the post will be advertised at the relevant commensurate level of pay and the corresponding job description. The successful candidate will be offered the role and relevant salary in line with the requirements in section 8 above.

Regrading of Roles

74 On occasion, roles may change over time due to organisational need, development of processes, ways of working or changes to professional and practice requirements. While this will usually be highlighted through a restructure, there may be occasions where this happens over a period of time and Audit Wales recognises the need to react to these instances in a consistent and transparent way.

75 Where a role changes significantly, a regrading process is available in line with the processes stipulated in the Organisation and Workforce Design Policy.

76 On the rare occasion that a regrading process results in a decrease in grade, the pay protection arrangements listed below will be followed.

Pay Protection Arrangements

77 On occasion, employees may become subject to pay protection arrangements. This situation may occur:

- due to changes to pay ranges, for example, following a job evaluation which reduces the pay band of the role; or
- if an individual's job is declared redundant or is no longer needed through restructuring and they are undertaking work at a lower grade.

78 Pay protection means that an employee's salary will be held at their current level of pay, for a period of time (i.e. is frozen and is not subject to any increase), even where this salary exceeds the maximum of the pay band for their revised post (the substantive salary).

79 Pay protection will be for three years at full pay from the date that the negative change in pay comes into effect plus a further one year of equal tapering of the salary to the new target salary rate. Pay protection may cease to apply should a protected salary 'catch up' with the substantive salary for the role through normal cost of living pay increases.

80 A shorter period may apply in specific circumstances and will be considered on a case-by-case basis, ensuring that the impact of such a reduction is actively

considered taking account of any protected characteristics of the individuals involved.

- 81 As a worked example, an individual in receipt of Pay band 5, Step 4 displaced and redeployed into a post at Pay band 4 would receive a salary protection at Pay band 5, Step 4 for a period of three years plus an additional one-year taper. An individual in receipt of Pay band 5, Step 4 voluntarily redeployed (i.e. due to an approved request from the individual e.g. linked to a reasonable adjustment) into a post at Pay band 3 would receive a salary protection of Pay band 4, Step 4 for a period of three years plus an additional one-year taper. A shorter period may apply in specific circumstances, for example, if an individual has requested redeployment to a lower-paid post.
- 82 In instances where an individual has voluntarily requested redeployment to a lower-paid post, or such redeployment is the result of capability or disciplinary proceedings, there will be no salary protection.

Voluntary Contractual Changes

- 83 We actively encourage wellbeing and support flexibility in the delivery of roles where we can, this includes openly discussing flexible working and smarter working to support individuals with their needs doing this, however, we remind all employees it is their responsibility to identify the impact any changes to employment terms may have upon their pension arrangements, to include a reduction in hours or changes to working patterns and the consequential impact upon any pension entitlements.

Voluntary Exit, Voluntary Redundancy, and Compulsory Redundancy

- 84 In support of organisational change, we may from time to time elect to run severance schemes. In such circumstances, employees will be offered compensation based on the Civil Service Compensation Scheme terms, although we may negotiate reduced terms for voluntary exits. All severance activity must be supported by a business case which includes a cost benefit analysis.
- 85 We maintain a separate Strategic Workforce Plan, published internally for staff on the Hwb, our intranet.

Reviewing this statement

- 86 This policy will be reviewed by HR in line with periodic pay agreements, or when other changes are considered appropriate. All changes to policy are consulted on with our trade union partners and undergo an EIA before a decision.