

## **Government Internal Audit Agency Nominations and Remuneration Committee (NRC) Terms of Reference**

### **1. Purpose and Role**

- 1.1 The Government Internal Audit Agency's Nominations and Remuneration Committee (NRC) is a formal sub-committee of the GIAA Board. Like the Board, it has an advisory role in relation to the Agency's remuneration and reward systems in ensuring that these are effective in helping the Agency achieve its goals. However, it also has decision-making powers in relation to senior executive remuneration and rewards to ensure that there is suitable check and challenge in place at the senior level.
- 1.2 It also provides oversight of nominations for Honours within the Agency.
- 1.3 The Committee is expected to fulfil this role using its collective skills and external experience. It is also expected to comply with the guidance laid down in the [Corporate Governance Code for Central Government Departments as adapted for Executive Agencies](#) (paragraph 4.4 onwards).

### **2. Membership**

- 2.1 The members of the Committee shall be appointed by the Board and shall be made up of at least three Members, the majority of whom should be independent Non-Executive Board Members (NEBMs).
- 2.2 Others in attendance are:
  - Chief Executive
  - Chief Operating Officer
  - Deputy Director People & Culture
  - Secretariat, which shall be led by the Governance Team.
- 2.3 Other individuals such as the Operational Directors, the Head of Human Resources Operations and external advisers may be invited to attend for all or part of any meeting, as and when appropriate.
- 2.4 The NRC may ask any or all of those who attend, but are not members, to withdraw to facilitate open and frank discussions of particular matters, and specifically where the discussion is related to the remuneration or reward of their grade.
- 2.5 The Board shall appoint the Committee Chair who should be either the Chair of the Board or a Non-Executive. In the absence of the Committee Chair and/or appointed deputy, the remaining members present shall elect one of their number to chair the meeting.

- 2.6 The NRC is quorate when at least two members are present, both of whom must be NEBMs.
- 2.7 The NRC will meet at least four times a year. The Chair may convene additional meetings, as necessary.

### 3. **Responsibilities**

- 3.1 To fulfil its purpose, and in accordance with the Corporate Governance Code, the Committee shall be responsible for:
- scrutinising systems for identifying and developing leadership and high potential;
  - scrutinising plans for orderly succession of executive appointments to the board and of senior management, in order to maintain an appropriate balance of skills and experience
  - scrutinise incentives and rewards for executive board members and of senior management, and advise on the extent to which these arrangements are effective at improving performance; no executive or director shall be involved in any decision about their own remuneration;
  - scrutinise the process for performance and talent management of Senior Civil Servants ensuring that this is rigorous, fair and consistent;
  - consider the risk appetite for people and culture risks and recommend to the Board the appetite for inherent risks and the solutions to address the risk;
  - consider proposals from the Chief Executive regarding overall remuneration across the Agency, ensuring that the remuneration terms are consistent with Civil Service guidance;
  - in considering these proposals, have regard to the Agency's key priorities and performance against them and take into account any other factors which it deems necessary, such as the impact on equality and diversity of pay related issues;
  - the NRC will also receive, from time to time, suitable updates on developments in Human Resource management policies, for assurance that support the overall required direction for development, reward and recognition of all Agency staff.

### 4. **Matters reserved for the Board**

- 4.1 The following matters are reserved for the Board only and, in accordance with the Board Operating Framework, must be escalated back to the Board should they arise in discussion:
- Matters relating to the Corporate Governance of the Agency.
  - Changes to the vision or strategy.

- Corporate and/or business plans related to cross-GIAA activity and associated budgetary allocations.
- The Risk Management policy, including decisions related to the acceptable level of risk appetite for the Agency.
- Strategies affecting long term capability of the department (including finance, HR, and IT).
- The Annual Report and Accounts, including the shape and coverage of the governance statement.

## **5. Support and Reporting Responsibilities**

- 5.1 The Committee is supported by a Secretariat provided by the Governance Team. The Secretariat will discuss and manage the agendas and actions in conjunction with the Chair and Chief Operating Officer.
- 5.2 An agenda and papers for each meeting are circulated to all attendees at least five working days before the meeting.
- 5.3 The Committee Chair shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 5.4 The Committee shall make a statement in the annual report about its activities, the process used to make appointments and explain if external advice or open advertising has not been used.

## **6. Review**

- 6.1 The Committee shall, at least once a year, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.