

# Crown Agency Human Resources Committees

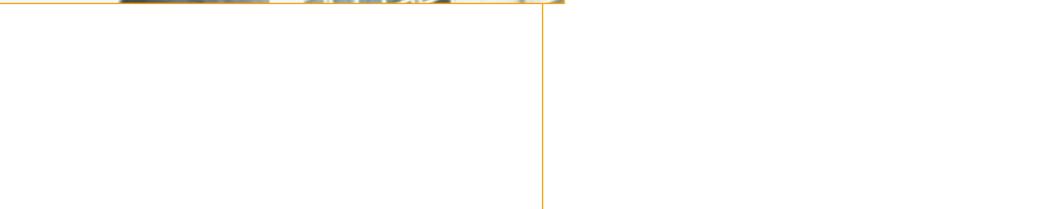
A GOOD PRACTICES CHECKLIST



Crown Agencies Secretariat • Board Resourcing and Development Office



Canada's  
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# Introduction

**Crown Agency Human Resources Committees – A Good Practices Checklist** is one of a series of guides developed by the Crown Agencies Secretariat (CAS) and the Board Resourcing and Development Office (BRDO) to support strong corporate governance and accountability in BC Crown Agencies. The Checklist incorporates good practices used in the public and private sectors, and is intended to provide guidance for British Columbia's Commercial and Service Delivery Crown Corporations, Health Authorities, Colleges, Universities and the Boards of Trustees for School Districts.

Where information provided here is not consistent with legislation, including the enabling legislation for a particular Crown Agency, the legislation prevails.

While the committee approach is good practice, organizations sometimes choose to have the functions of the Human Resources Committee performed by the Board as a whole.



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## Purpose of Human Resources Committee

- ▶ The Human Resources (HR) Committee assists the Board in ensuring that the organization has appropriate human resources strategies and policies consistent with good practices and business requirements that:
  - attract, retain and motivate high calibre staff so as to encourage optimal performance of the organization;
  - are consistent with the human resource needs of the organization;
  - motivate management to pursue the mandate and success of the organization within an appropriate control framework; and,
  - demonstrate a clear relationship between performance and remuneration.



## Committee Composition

- The Committee has a minimum of three members.
- Members are independent of management, and have no direct or indirect material relationship with the organization.
- The majority of members are familiar with good practices in human resources, including executive compensation, human resources planning, labour relations, recruitment and evaluation.
- The Chair of the Human Resources Committee is not the Board Chair.
- The Board Chair can be an ex officio member of the Committee but does not vote nor count in meeting requirements for a quorum.
- The Committee engages independent consultants as required to assist with its duties.



# Committee Operations

The HR Committee:

- ▶ Has a well-defined mandate and written Terms of Reference that sets out its purpose, structure (e.g., size, qualifications, frequency and timing of meetings, appointment of chair), roles and responsibilities.
- ▶ Has its Terms of Reference approved and reviewed regularly by the Board.
- ▶ Annually reviews its Terms of Reference to ensure they meet the needs of the Board.
- ▶ Has a meeting calendar and annual work plan for the year, and meets regularly (at least quarterly) with pre-determined dates and agendas. Special meetings are also held, as required.
- ▶ Annually assesses its performance in carrying out its duties.
- ▶ Reports regularly on the results of its activities to the Board.
- ▶ Provides an orientation is to new Committee members, and ongoing training and development opportunities for Committee members.

# Committee Roles and Responsibilities

## 1. OVERVIEW

- Ensures the organization's compensation, human resource and labour relations philosophies and strategies are in keeping with:
  - the organization's mission, vision, values and key goals; and,
  - legislative and government policy guidelines and requirements.
- Makes recommendations to the Board on all aspects of the employment of the Chief Executive Officer (CEO), including recruitment, remuneration, performance management, and succession planning.
- Makes recommendations to the Board on the extent to which the employment of other senior management/executive positions in the organization is to be delegated to the CEO, and provides oversight to the CEO for the delegated responsibilities.
- Ensures the bargaining strategy for unionized staff supports the organization's goals and philosophy, and is consistent with the Government-approved mandate. Otherwise, employment matters related to unionized staff are typically delegated to the CEO / management.

## 2. RECRUITMENT

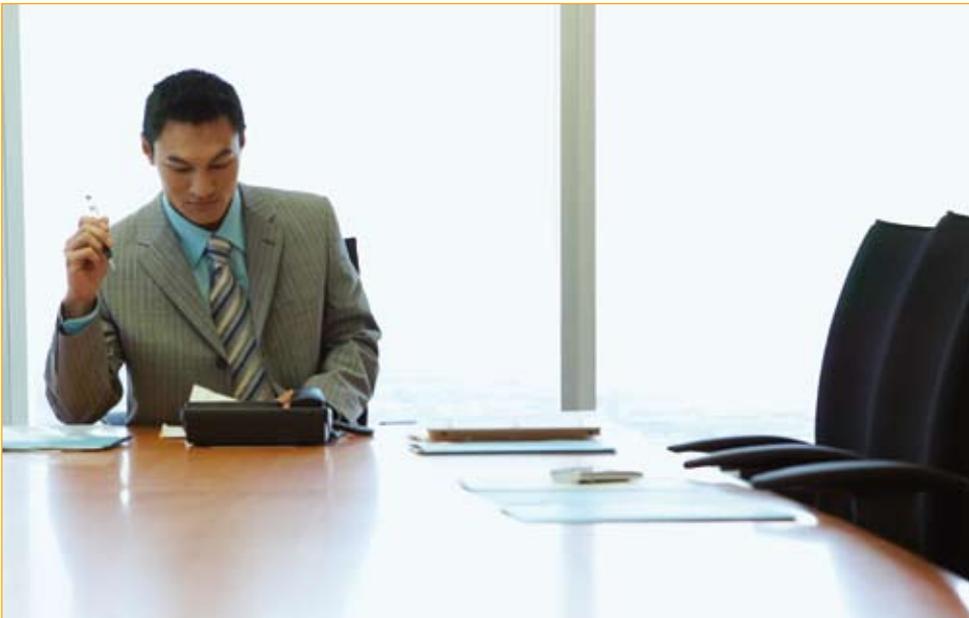
- Recommends to the Board the process to be undertaken to recruit the CEO, including composition of the search committee.
- Through the Board Chair, liaises with the Public Sector Employers Council Secretariat (PSEC) and the Minister/Ministry Responsible regarding parameters of CEO employment terms.

- ▶ Reviews (and approves, depending on the extent of delegation to the CEO) the CEO's recommendations on the terms and conditions of employment and severance arrangements for senior management / executive positions. These arrangements must be in keeping with relevant legislative/policy limits (e.g. the EMPLOYMENT TERMINATION STANDARDS ACT).
- ▶ Provides oversight to the CEO in his/her responsibility for hiring and setting the terms and conditions of employment for the rest of the Crown Agency's staff. The collective agreement governing the employment of unionized staff must be in accordance with an approved mandate from Government (the Minister responsible for the PUBLIC SECTOR EMPLOYERS ACT).

### **3. COMPENSATION**

- ▶ Reviews and recommends to the Board the compensation philosophy and guidelines for the CEO and senior management, including: salary; incentive awards; perquisites; benefits; and, other remuneration.
- ▶ Ensures the compensation philosophy is in keeping with PSEC guidelines, and links compensation to short-term and long-term performance, aligned with the organization's mandate.
- ▶ Works with PSEC and the Ministry Responsible to develop a compensation plan for the organization. The compensation plan must be approved by the Minister responsible for the PUBLIC SECTOR EMPLOYERS ACT.
- ▶ Reviews and recommends to the Board annual compensation for the CEO, including: salary; re-earnable incentive awards; perquisites; benefits; and, other remuneration.

- Reviews (and approves, depending on the extent of delegation to the CEO) the CEO's recommendations regarding annual compensation for senior management, including salary, re-earnable incentive awards, perquisites, benefits and other remuneration. The terms and conditions of employment for all staff must be in accordance with the compensation plan approved by the Minister responsible for the administration of the PUBLIC SECTOR EMPLOYERS ACT.
- Periodically appoints a third-party consultant to advise on the compensation program for the CEO and senior management.
- Stays informed of good practices in executive compensation issues relevant to the mandate of the Committee.



#### **4. CEO EVALUATION**

- ▶ Reviews and recommends the CEO's annual goals and objectives to the Board.
- ▶ Recommends the CEO evaluation process to the Board.
- ▶ Leads and oversees the implementation of the CEO evaluation process.

#### **5. SUCCESSION PLANNING**

- ▶ Reviews and recommends to the Board a succession plan to deal with a planned or unplanned departure of the CEO.
- ▶ If there are no CEO succession candidates internal to the organization, consults with an external advisor regarding potential external candidates.
- ▶ Provides overall guidance, context and oversight to the CEO in his/her responsibility for succession planning for the organization.
- ▶ Annually reviews and verifies for completeness, succession and development plans for management prior to the CEO's discussion of those plans with the Board.

#### **6. ORGANIZATIONAL STRUCTURE**

- ▶ Reviews any significant changes to organizational structure recommended by the CEO, and makes recommendations on these changes to the Board.

#### **7. HUMAN RESOURCE POLICIES**

- ▶ Periodically reviews the organization's significant human resources policies for consistency with the organization's mission, vision, values, goals and needs, and recommends amendments, additions or deletions as appropriate to the Board.

- Reviews the results of any surveys to measure employee engagement, and confirms appropriate follow-up is taken by management.
- Stays informed of best practices in human resources issues as relevant to the mandate of the Committee.

## **8. LABOUR RELATIONS**

- Ensures the bargaining strategy for unionized staff supports the organization's goals and philosophy, and is consistent with the Government-approved mandate.
- Recommends to the Board the general terms upon which management will be authorized to negotiate collective agreements.
- Liaises with PSEC as required on matters related to labour relations and collective agreements.

## **9. DISCLOSURE**

- Ensures the organization's public disclosure requirements related to human resources, including public disclosure of executive compensation (the Statement of Executive Compensation), are met.



## For Further Information:

Visit our website at [www.gov.bc.ca/cas](http://www.gov.bc.ca/cas) or contact us for further copies of this pamphlet, or for any of our publications.

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