Governance and Appointments Committee

## Terms of reference

## Approved by Council 9 OCTOBER 2024

### Purpose and accountability

1. The primary purpose of the Governance and Appointments Committee (GAC) is to:
   1. keep ICAEW's governance under active review and to ensure that it remains fit for purpose, with a focus on future needs.
   2. oversee appointments and succession planning for the Governance Committees[[1]](#footnote-1), including the Executive Board members[[2]](#footnote-2), and Department Boards and their committees[[3]](#footnote-3).
2. GAC is accountable to Council.
3. GAC shall have two standing committees: the Board Nomination Committee (BNC) and Volunteer Nomination Committee (VNC).

### Composition

1. GAC shall consist of 12 members, as follows:
2. The Chair who shall be a current or recent member of Council, elected by Council[[4]](#footnote-4).
3. Seven Members ex-officio:
   1. The Chair of Council,
   2. The President,
   3. The Deputy-President,
   4. The Vice-President,
   5. The Immediate Past-President,
   6. The Chair of the Board,
   7. The Chief Executive,
4. Two members elected by Council from current Council.
5. Two members appointed based on their skills and competencies relevant to the work of GAC who are not members of ICAEW Council or staff.
6. The Quorum for GAC is six and must include at least one of the appointed members.

### Powers, responsibilities, and authorities

1. The powers and responsibilities of GAC are delegated to it by Council and include:
   1. recommending changes in the ICAEW Governance Framework, including changes to the Charter and Principal Bye-Laws, to Council
   2. approving appointments to the Board and Governance Committees, subject to any approval by Council as required in these terms of reference
   3. approving appointments to the Department Boards and their committees.

#### Governance Framework

1. GAC monitors and oversees the effectiveness of ICAEW governance ensuring that it remains fit for purpose. In this context, GAC shall review the terms of reference for Council, Board and GAC, and report to Council with recommendations as appropriate.
2. GAC oversees the processes by which individuals are elected or appointed to ICAEW’s Council, ICAEW’s Board and Governance Committees ensuring an appropriate balance of skills, experience and diversity is achieved and maintained and that long-term succession planning is being managed.
3. GAC shall keep the governance framework under review and shall report and make further recommendations in relation to ICAEW Governance to Council as appropriate. This includes changes to the Charter and Principal Bye-Laws.
4. GAC is responsible for ensuring that the Governance Handbook is maintained.

#### Council

1. GAC is required to oversee the composition and structure of Council to ensure it is fit for purpose, making recommendations to Council as appropriate. This may include:
2. determining the appropriate numbers of members of Council at any point in time.
3. reviewing appropriate mix of ICAEW Members for Council.
4. GAC is responsible for keeping the appropriateness of the election regulations for elections to Council and associated guidance, including the Council Member role profile, under review and, when changes to the regulations are considered desirable or necessary, report to Council with recommendations.
5. GAC shall appoint a committee of GAC to be the Returning Officer for the elections to Council as set out in the Council Election Regulations.
6. GAC shall be responsible for recommending co-options to Council in accordance with the relevant policies.
7. GAC shall consider succession planning for co-options to Council.
8. GAC is required to develop a process to consider and approve applications for consent to remain on Council under Principal Bye-Law (PBL) 37c, and recommend such process to Council for approval.
9. GAC shall then consider and determine requests for consent to absence under PBL37 from Council members in accordance with the approved procedures.
10. GAC is responsible for keeping the appropriateness of the election regulations for elections from Council and associated guidance, including the role profile, for the following positions under review and to approve changes to them as necessary.
11. the Chair of Council
12. the Chair of GAC
13. the two elected members of GAC
14. the Vice-President[[5]](#footnote-5), Deputy President and President.
15. GAC shall appoint a committee of GAC to be the Returning Officer for these elections as set out in the relevant Election Regulations.

#### Board

1. GAC is required to consider and approve, if appropriate, recommendations from the BNC and Board for all appointments to the Board ensuring due process has been followed, subject to approval by Council.
2. GAC shall monitor the succession planning for the Board as performed by the BNC and the Board.
3. The role profile of the Chair of the Board will be kept under review by GAC.
4. GAC shall introduce, subject to Council approval, a process to enable Council to remove appointed members of the Board. GAC shall keep this process under review.

#### Other Governance Committees

1. GAC shall review processes led by the BNC and Board leading to appointments and succession planning, including Chairs to the following Governance Committees:
2. Audit Committee
3. Risk Committee
4. Investment Committee
5. Remuneration Committee
6. GAC shall nominate, for the approval of Council, candidates to fill vacancies for the appointed independent members of GAC as and when they arrive. Such nominations shall be made following clear, equitable, inclusive and transparent selection procedures.

#### Executive and Senior Management

1. GAC shall consider, ensuring due process has been followed by BNC, and, if appropriate, recommend all Executive Board[[6]](#footnote-6) appointments to Council for approval.
2. GAC shall receive a report on the appointments and succession planning for other Senior Management[[7]](#footnote-7) (excluding the Executive Board appointments) from the BNC on an annual basis.
3. GAC shall consider and, if appropriate, approve the appointment of the Head of Governance on recommendation from the Chair of the Board, the Chair of GAC and the Chair of Council.

#### Departmental Boards and their committees

1. GAC shall consider and, if appropriate, approve membership of the Departmental Boards, based on recommendations from the VNC[[8]](#footnote-8).
2. GAC delegates the running of the annual Committee Review Process[[9]](#footnote-9) to the VNC, including:
3. Reviewing the succession plans and recommending the appointment of Chairs and members of the Departmental Boards to GAC for approval.
4. Defining the measures of success of the annual Committee Review process, subject to the agreement of GAC.
5. Preparing a report on the Committee Review process for GAC, including details of the appointments agreed, an assessment of the achievement of the desired goals and outcomes and the adherence to the agreed procedures.

#### External Appointments of Persons to Represent ICAEW

1. GAC delegates the approval of any appointments of members to the boards or committees of external bodies, or bodies associated with ICAEW, to the VNC where those members are appointed to represent ICAEW.
2. This includes, but is not limited to: CCAB, Takeover Panel, FCA Ltd (Staff Pensions Fund Trustee) and Chartered Accountants Trustees Ltd (Foundation) (CAT).

#### Honorary Membership

1. GAC is responsible for considering nominations for honorary membership[[10]](#footnote-10) of ICAEW and recommending to Council accordingly.

#### Active Member Conduct Procedure [[11]](#footnote-11)

1. GAC has the following responsibilities when the Active Member Conduct Procedure is invoked:
   1. To appoint a conciliator in the event that none of the office holders are able to undertake this role for any complaint received under the Active Member Conduct Procedure: Conciliation Stage.
   2. To appoint members of the Active Member Conduct Committee (AMCC) and the Active Member Conduct Appeals Committee (AMCAC). The AMCC and AMCAC will comprise of three members as follows:

• A legally qualified Chair from the pool of Active Members approved by the Regulatory and Conduct Appointments Committee.

• A member of ICAEW HR department.

• An Elected Member of the Nominating Committee.

1. GAC shall also follow any further requirements in relation to these appointments as set out in the Active Member Conduct Procedure and reporting and delegations to VNC and BNC.

### Operation of GAC

1. GAC carries out its responsibilities within the framework of general duties and procedural requirements in the Governance Handbook.
2. GAC is required to prepare and submit a regular report to Council.
3. GAC shall meet, as a minimum, on a quarterly basis with the option to increase the number of meetings as it sees necessary.
4. GAC may create its own sub-committees and/or Task and Finish groups as considered necessary by GAC. Each such committee or group shall have a defined terms of reference and shall report to GAC in accordance with those terms. Membership of Task and Finish Groups may include non-GAC members with the relevant skills and expertise.
5. Where appropriate, GAC may seek the views of a wide range of ICAEW stakeholders both internal and external.
6. GAC may seek external legal advice as it sees fit.
7. GAC shall have access to sufficient resources to carry out its duties, including access to the Governance Office for advice and assistance as required. The Governance Office shall provide committee secretariat support to the Committee.
8. GAC shall take account of the UN Sustainable Development Goals and matters of diversity, equity and inclusion in its activities and recommendations. It shall also consider principles of good governance such as, but not limited to, the UK Corporate Governance Code.

1. Governance Committees were defined by Council as: Governance and Appointments Committee, ICAEW Board and the ICAEW Board Committees (, Remuneration, Investment, Risk and Audit). The committees of the Governance and Appointments Committee are also considered to be governance committees for these purposes. [↑](#footnote-ref-1)
2. Executive Board members are those staff appointments that convey a position on the Board, namely Chief Executive, Chief Operating Officer and Chief Financial Officer. [↑](#footnote-ref-2)
3. Departmental Boards are ICAEW Members & Commercial Board, Education & Training Board and Technical Strategy Board. Their committees include the faculty boards, community advisory groups, local network community boards and other committees reporting directly to the Departmental Boards. [↑](#footnote-ref-3)
4. The Chair of GAC is an ex-officio member of Council. [↑](#footnote-ref-4)
5. The formal election of the Vice President, Deputy President and President takes place within the Council meeting. Their election is proposed and seconded by members of Council and is confirmed at the meeting of Council. The election, or ballot, to identify the Vice President takes place out of meeting and prior to this formal event. A role profile is maintained for the Vice President, Deputy President and President. [↑](#footnote-ref-5)
6. Executive Board members are those staff appointments that convey a position on the Board, namely Chief Executive, Chief Operating Officer and Chief Financial Officer. [↑](#footnote-ref-6)
7. Senior Management means the Chief Executive and their direct reports, plus the Managing Directors who report directly to the Chief Operating Officer. It includes the Executive Board members. [↑](#footnote-ref-7)
8. Departmental Boards are ICAEW Members & Commercial Board, Education & Training Board and Technical Strategy Board. Their committees include the faculty boards, community advisory groups, local network community boards and other committees reporting directly to the Departmental Boards. The ICAEW Regulatory Board and its committees and the regulatory and conduct committees are out of scope for the VNC. [↑](#footnote-ref-8)
9. This process considers the appointments to the Departmental Boards and their committees. [↑](#footnote-ref-9)
10. Honorary membership is distinct from the Outstanding Achievement Award which is awarded by a separate committee. [↑](#footnote-ref-10)
11. This procedure is under review in 2023/2024. [↑](#footnote-ref-11)