

# INTOSAI Development Initiative Remuneration Policy

## Purpose

The IDI remuneration policy is applicable to all IDI employees. The remuneration policy is a management document, that sets out the principles and mechanisms for how remuneration is determined in the IDI. It is not an agreement that gives employee rights, these are detailed in contracts and IDI staff regulations.

The aim of the policy is to attract, develop and retain the identified desired human resources with the right competencies at the correct remuneration level, according to the internal and external remuneration environment. The policy shall ensure that employees feel motivated and encouraged to perform at the desired level in the organization and in accordance with IDI's values. The policy is also intended to ensure equal pay for equal types of positions and work, with differences explained by performance.

This policy will enter into effect from 01.01.2019.

## Background and Guiding Principles

The IDI has previously based its remuneration policy on the regulations and practices of its host, the Office of the Auditor General of Norway (OAGN). OAGN's remuneration is governed by the centrally negotiated collective bargaining agreement between the Norwegian civil service and the major civil service unions. IDI is not a signatory to that agreement and has only followed its policies and practices voluntarily. This policy will continue to follow some of the principles and policies of the Norwegian central government, but with local adjustments that are suited to IDI's operations.

## Values

IDI's values are:

- Innovation
- Diversity
- Impact

In assessing employees' performance, management will look to identify behaviours and traits that reflect these values and assess this in the staff appraisal process.

**Innovation:** An innovative employee is someone who seeks new solutions and improved ways of achieving IDI's objectives. It is someone who solves problems in their own work and finds solutions that help others in the organization as well.

**Diversity:** IDI is an organization with staff from many cultures, which works with organizations throughout the world. In this environment it is important that staff demonstrate cultural sensitivity, good interpersonal skills and an ability to communicate effectively and cooperate with a diverse set of external stakeholders and colleagues in the IDI.

**Impact:** IDI is committed to strengthening Supreme Audit Institutions globally. Employees who can demonstrate that they have made contributions towards the achievement of IDI's objectives, and subsequently IDI's impact, will be assessed as high performing. This can be demonstrated through direct impact on IDI's deliverables or through any contributions to the improvement of IDI's ability to have a positive impact on the SAI World.

## Governance and Management

The IDI Board is responsible for the remuneration policy<sup>1</sup>. The aim is to ensure that the system has the right incentives to achieve the objectives that the IDI Board has set for the organization and to motivate staff and management to reflect IDI's desired culture in their actions and performance. The design of the policy shall ensure that the incentives of staff and management are directed towards IDI's performance as an organization, whilst encouraging the motivation of all staff in the organization.

The Nomination and Remuneration Committee of the Board has the responsibility for determining the remuneration of the Director General of IDI<sup>2</sup>.

The Director General will propose the remuneration of the Deputy Directors General to the Nomination and Remuneration Committee for their approval.

The Deputy Directors General will propose the remuneration of staff in their departments to the Director General for his/her approval.

The remuneration policy will be managed in a way that ensures pay adjustments are made within the financial limits of the organization.

## Components

The components of remuneration in IDI are:

- Fixed pay (annual salary)
- Employee benefits
- Overtime/flexitime

These are applied dependent on position. Positions at manager level or above are not eligible for overtime, calculated flexible working hours or travel time pay. These positions have flexible working hours, but these are not calculated based on hours worked outside normal working hours and they are compensated with five extra flexible days per year.

Positions assessed at senior coordinator or below are eligible for overtime/flexi time and travel time pay as previously.

Overtime is compensated according to the Norwegian Central Government regulations.

There will be a fixed salary addition to employees at manager level or above who travel significantly, with a sliding scale based on number of days travelled.

Employee benefits include:

- Pensions
- Flexible working hours
- Company phone
- Travel insurance
- Accident insurance
- Life insurance

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<sup>1</sup> As per IDI Board Rules and Procedures Chapter 25

<sup>2</sup> As per IDI Board Rules and Procedures Chapter 5, section h

- Reimbursements for home broadband, gym memberships, eyewear necessary to perform office functions etc.

IDI's regional employees (employees based outside Norway) receive the same benefits, except for the additional reimbursements, which are covered by an allowance.

IDI also has expatriate employees who have additional benefits to ease the transition of moving to Norway, these include:

- Housing
- School fees
- Pension scheme covered in home country system

IDI also offers other intangible rewards:

- Opportunities for further professional development<sup>3</sup>.
- Opportunities career progression and expansion responsibilities

## Performance Review and Salary Movements

The initial determination of fixed salary is based on the job level and corresponding salary band. The main form of reward in the IDI is adjustments to fixed salary, based on assessments of performance that will inform salary adjustments. Managers in the IDI assess performance based on staff demonstrating a high level of skill and efficiency in the performance of their duties, achieving objectives in a timely manner and demonstrating behaviours that are in line with the IDI's core values, as described above<sup>4</sup>.

## Positions in IDI

IDI will use job evaluation (Hay scores) to find benchmarks against the median wages, in the Norwegian job market, for the evaluated positions. The following positions have been identified in IDI:

- Director General
- Deputy Director General
- Senior Manager
- Manager
- Senior Coordinator
- Coordinator

These positions have been identified in IDI and each position has been given a score based on the level of responsibility, know-how and cognitive challenge in each position. The weights allocated to each position make them comparable in the job market so that they can be compared to the median wage rate for the position in the Norwegian job market and used to determine the salary bands for each position. The mid-point for the salary band for base salary will be set at a level below the general market median in Norway and the band will be composed of some deviation above and below the mid-point. As IDI is an organization that recruits mainly from the public sector there will be a comparison to other Norwegian public-sector entities when setting the salary bands. The

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<sup>3</sup> These will be further detailed in IDI's system for developing competency.

<sup>4</sup> This process will be further detailed in IDI's guidelines for remuneration.



Nomination and Remuneration Committee will determine the salary bands on market benchmarks for the Director General.

The Director General will, in consultation with the Nomination and Remuneration Committee of the IDI Board, determine salary bands on market benchmarks for all positions. The Deputy Directors General will be consulted for direct reports to ensure that the proposed base salary meets the recruitment and retention needs of the IDI.

## Base Salary Adjustments

Base salary adjustments will be made annually towards the end of the calendar year. To manage risks concerning IDI's ability to finance salary adjustments, the IDI Management will recommend a salary budget, for approval by the Nomination and Remuneration Committee, at the end of the fiscal year, to adjust fixed pay based on the projected financial performance and position in the following fiscal year. All staff, including regional employees, will be included in the salary adjustment process, but IDI management will set criteria for eligibility<sup>5</sup>. The primary purpose of this process will be to adjust base salary based on assessed performance, but it will also be used to adjust for changes to real wages (inflation adjustments) and any observed inequity in the remuneration system.

Pay will be determined by the groups described under the "Governance and Management" Section above.

Salaries can also be adjusted throughout the year, through promotion to a higher position. Promotions are proposed by line managers and approved by the Director General.

Adjustments outside the salary bands will have to be approved individually by the Nomination and Remuneration Committee.

## Monitoring of the remuneration system

The market benchmarks will be updated every two years.

The IDI Management will assess recruitment and retention data in order to judge the effectiveness of the remuneration system. IDI Management will review the remuneration system annually, when preparing to set performance pay, in order to determine whether or not it is stimulating the desired performance and behaviour.

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<sup>5</sup> For example, staff that have recently signed a new contract are not likely to be included in the adjustment process.