

Minutes of the Office for Budget Responsibility Oversight Board and Audit Committee
– 16 January 2014, 12.30-15.00

Oversight Board

Attending

Members: Lord Burns (Chair), Kate Barker, Robert Chote, Graham Parker, Steve Nickell
Andy King (Secretary)

1. Update on OBR activity

1. The Board discussed a summary of the OBR's recent outputs, stakeholder engagement, management issues and upcoming priorities presented by the BRC. The following issues were discussed:

- the December 2013 *Economic and fiscal outlook*. Processes had run smoothly, including stakeholder engagement regarding Universal Credit and the forthcoming welfare cap;
- there had been some interest in the Government's publication alongside the Autumn Statement of a dynamic scoring analysis of Corporation Tax cuts, including from the Treasury Select Committee;
- the October 2013 *Forecast evaluation report* had been relatively quietly received, but had provided important evidence that helped to shape the December *EFO* forecast; and
- publication of *Briefing paper No.5: The macroeconomic model* further enhanced the transparency of our forecasting process.

2. Oversight Board terms of reference and Framework Document

2. The Board discussed draft amendments to its terms of reference, as commissioned at the September 2013 meeting, and draft amendments to the Framework Document, which is produced by the Treasury in consultation with the OBR and must be reviewed by April 2014. The following points were made:

- in discussion of suitably robust processes for appraising the performance of Board members, it was agreed that members of the Budget Responsibility Committee would appraise the performance of the

Non-Executive members of the Oversight Board, mirroring the process the Non-Executive members adopted for BRC members. Any concerns on either side would be raised with the Treasury Permanent Secretary;

- the Audit Committee would be renamed the Audit & Risk Assurance Committee, in line with updated guidance from the Treasury, and its terms of reference would be updated to reflect that guidance. It was decided that the TOR should continue to make specific reference to effective policies for the security of information, given the quantity of sensitive material handled by the OBR in the run-up to forecasts and publications; and
- it was agreed that the terms of reference for both the Oversight Board and Audit & Risk Assurance Committee would specify the attendance necessary for the bodies to be quorate.

3. OBR finances for 2013-14 and the OBR's next multi-year budget (Liz Corrin and Kate Ivers (respectively, outgoing and incoming OBR financial adviser) and Andy Ginever (OBR financial manager) also attended)

3. The Board discussed two papers setting out the in-year financial position and providing an update on negotiation with the Treasury to set a new multi-year budget for the OBR from 2014-15 to 2017-18, including funding for the External Review to be carried out in 2014-15. The following points were made:
 - the OBR's 2013-14 budget ceiling has been raised by £45,000, reflecting Budget Exchange carried forward from 2012-13's underspend. Thanks to a number of staff vacancies over the summer, one of which persisted for longer than expected, that ceiling seems likely to be underspent by around £40,000; and
 - discussions with the Treasury on setting a multi-year budget for 2014-15 to 2017-18 were progressing well. Following the Autumn Statement, a revised budget proposal was submitted to reflect the resource implications of the new responsibilities related to the welfare cap. A new multi-year budget was expected to be agreed by the end of the financial year. The Board discussed the implications of the budget ceilings that had been proposed and the limited areas of financial flexibility in the OBR's operations.

4. 2014 Annual Report

4. The Board discussed plans for the 2014 Annual Report. The following points were made:
 - the structure of the report would remain consistent with previous reports; and

- given the External Review that would be undertaken this year, as discussed in the minutes of previous Board meetings, there was no need to commission a separate survey of stakeholder opinion to inform the Annual Report.

Audit Committee

Attending

Members: Lord Burns, Kate Barker (Chair) Robert Chote (Chair of OBR) Andy King (Secretary), Andy Ginever (OBR financial manager) Liz Corrin and Kate Ivers (OBR financial adviser), Steve Young and Alex Macneill (NAO)

1. Plan for the 2013-14 NAO audit of the OBR financial statement

5. Alex Macneill presented the NAO's audit plan for 2013-14. Reflecting the stability of the OBR's operations, which allows a business-as-usual approach, the resource devoted to the audit has been reduced, thereby reducing the expected audit fee by 25 per cent. The following points were discussed:
 - the Committee noted the audit plan and welcomed the reduced fee in light of the OBR's relatively small and stable operations;
 - the Committee confirmed that the NAO's assessment of material risks to the financial statements was complete; and
 - the Committee discussed risks and processes relating to fraud and confirmed that neither management nor the Committee were aware of any incidents of actual, suspected or alleged fraud.