

Minutes of the Office for Budget Responsibility Oversight Board and Audit Committee – 26 January 2012, 10.00 – 13.00.

Oversight Board

Attending

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

Tom Josephs (Secretary)

1. Follow-up from September Board meeting

1. The Board discussed the OBR's annual reporting calendar and agreed the schedule of standing items to be taken at future Board meetings.

2. Update on OBR activity

2. The Board discussed a summary of the OBR's recent outputs, stakeholder engagement and management issues. The main issues discussed were:
 - the production and presentation of the November *Economic and fiscal outlook*, the first *Forecast evaluation report*, the two Working papers published in November, and the series of supplementary information releases;
 - the OBR's role on forecasting issues related to the proposed devolution of tax and borrowing powers, and the potential pressure on OBR resources;
 - engagement with Government including on the macroeconomic model and the forecast production timetable; and
 - the role of the OBR's advisory panel.

3. Board appraisals and stakeholder survey

3. The Board agreed the process for reviewing the performance of Board members, which will be completed ahead of the publication of the Annual report each year. This will include discussions between the Non-executive members and OBR staff.

4. The Board discussed and agreed to the proposal for an external stakeholder survey, also to be completed ahead of the Annual report each year.

4. Finance and Annual Report

5. The Board discussed the latest financial projections for 2011-12 and for the period to 2014-15. It was agreed that the OBR should consider options for additional savings in non-staff pay in the later years of the period.
6. The Board discussed and agreed the draft outline of the OBR's first Annual Report to be published in June. The Board will agree the final draft of the report at the May meeting.

Audit Committee

Attending

Members: Kate Barker (Chair), Lord Burns
Robert Chote (Chair of OBR)
Tom Josephs (Secretary)
Liz Corrin (OBR financial adviser)
Mark Dembowicz (OBR office and financial manager)
Steven Corbishley, James Ferris (NAO)
Sarah Thompson, Pirjo Shaer (Treasury Internal audit)

1. Risk register

1. The Committee discussed the revised risk register. The Committee agreed to revisit the register and the mitigating actions at each future meeting.

2. NAO audit plan

2. Steven Corbishley introduced the NAO's draft plan for the audit of the 2011-12 financial statements and its draft Letter of Understanding to the Accounting Officer. The main risks identified related to the set-up of new financial processes and systems following the establishment of the OBR as a statutory body this year and the need to embed financial reporting requirements.
3. It was agreed that it was important that a proportionate approach was taken given the small size of the OBR's budget. There is significant overlap with the audit of HM Treasury, which supplies financial management services to the OBR, which has the potential to create efficiencies in the audit process. The resource demands and cost of the audit should therefore fall in future years. On this basis the Committee agreed to the draft plan and were content to advise the Accounting Officer to sign the Letter of Understanding.

3. Internal audit

4. Sarah Thompson introduced the draft internal audit plan for 2011-12 and 2012-13. The main risks identified related to the set-up this year of the OBR's new operational processes and systems.
5. It was agreed that a proportionate approach should be taken given the small size of the OBR and the straightforward nature of its operations. As such it was agreed that the draft plan covered the right areas but that a phased approach should be taken to spread the resource demands. It was agreed that the focus in the first phase should be on the OBR's newly established financial and operational systems, such as finance processing, business continuity, IS systems and security. Internal audit will produce a revised plan on this basis.