

Minutes of the Office for Budget Responsibility Oversight Board and Audit Committee – 27 September 2012, 10.00 – 12.00.

Oversight Board

Attending

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

Tom Josephs (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 points were raised:
 - the major report published since the last Board meeting was the *Fiscal sustainability report*. It was felt that it had been generally well received and generated positive coverage in the media. It had been used as the basis for a number of external analyses of the longer-term outlook for public spending;
 - two working papers and one briefing paper had also been published over the summer. Staff had also made progress on a further working paper on the impact of the financial crisis on the public finances but more work needed to be done and so publication would probably be post Budget 2013;
 - the main focus of work at the current time was the next *Forecast evaluation report*. The intention was to move away from the format used last year which focused on providing a technical decomposition of forecast errors over the previous year. The intention this time was to provide a broader analysis of the key trends in the economy and public finances over the past two years since the OBR's first forecasts in June 2010;
 - work was underway with HMT on agreeing enhanced governance arrangements for the shared macroeconomic model, as suggested by the Board at previous meetings; and
 - there had been several staff moves over the summer, particularly in the macroeconomic forecasting section. This had now been completed

successfully and so there should be a full complement of analytical staff in place for the autumn 2012 and Budget 2013 forecasts.

2. Review of Board responsibilities and activity

2. The Board took stock of its activity over the previous years against its terms of reference and statutory responsibilities: The following points were made:

- it was felt that the Board had addressed all of the responsibilities set out in the terms of reference. The time spent on finance issues should continue to be monitored given the OBR's budget is very small and generally of low risk;
- the number and duration of meetings was felt to be broadly appropriate; and
- the Board was not aware of any external criticism of the OBR's corporate governance arrangements over the past year.

3. OBR finances (Andy Ginever (OBR financial manager) and Liz Corrin (OBR financial adviser) also attended).

3. The Board discussed a paper from staff summarising the OBR's 2012-13 budget and projections for 2013-14 to 2014-15. The following points were raised:

- the OBR was underspending this year on pay and non-pay costs. As a result an additional staff member had been recruited on a short term loan basis for the remainder of the year;
- the Board should decide at the January meeting whether to apply to the Treasury to carry forward any remaining underspend to next year under the Budget Exchange system;
- projecting the latest non-pay and pay baselines forward flat in real terms should allow the OBR to broadly live within its budget to 2014-15 at current staffing levels; and
- the OBR should continue to consider its long-term staff pay strategy to ensure that it remained able to attract suitable staff.

Audit Committee

Attending

Members: Lord Burns, Kate Barker (Chair)
Robert Chote (Chair of OBR), Tom Josephs (Secretary), Andy Ginever (OBR finance manager), Liz Corrin (OBR financial adviser),

1. Internal and external audit

4. OBR staff set out progress on this year's first internal audit report which is considering data storage systems and knowledge management policy. The final report would be presented to the Audit Committee in January. The draft report was generally positive and the main recommendations were focused on developing a long term archiving and document retention policy.
5. The Committee agreed that this was an important area and that the OBR should consider its archiving policy for both its internal records and also its published documents, which should remain easily accessible for users in the future. The OBR should ensure its website and historical documents are exempted from the process by which departmental documents are placed in a single national online archive when there is a change of government.
6. Internal audit will next be considering the arrangements for provision of IS services and the associated security arrangements. This would report early in 2013.
7. OBR staff are working with the NAO on learning lessons from last year's audit, and the NAO and staff would report to the January Committee meeting on plans for the 2012-13 audit.