

Office for Budget Responsibility Oversight Board – Terms of reference

May 2014

Context

1. The OBR comprises the Chair of the OBR and the two other members of the Budget Responsibility Committee (BRC), and at least two non-executive members (collectively 'the Members').
2. As described in the OBR/HM Treasury Framework Document, the BRC has executive responsibility for carrying out the core functions within the main duty of the OBR, as set out in the Budget Responsibility and National Audit Act 2011 ('the Act'), and the responsibility for those core functions is non-delegable. The Chair of the OBR has executive responsibility for management of the OBR; is responsible for representing the views of the OBR to the Chancellor, Parliament and the general public; and bears personal responsibility as Accounting Officer for the OBR.
3. Non-executive members of the OBR will ensure that BRC members are supported and constructively challenged in their role. Their statutory responsibilities are to:
 - assess if the OBR has been able to perform its main duty with complete discretion and in line with its three principles (impartiality, objectivity and transparency); and report on this in the OBR's annual report;
 - review regularly that the OBR has appropriate processes in place to ensure it produces a high standard of work; and
 - periodically, and at least every five years, appoint independent, expert reviewers, to conduct a review to consider the quality of all the reports produced by the OBR in that period.
4. The Members of the OBR will be accountable for the governance and operations of the OBR. In order to ensure effective governance consistent with best practice, the Members have established an Oversight Board ('the Board') with responsibility for ensuring that effective arrangements are in place to provide assurance on risk management, governance and internal control.

5. The Chair of the OBR is expected to accept the view of the Board, except where the Chair sees this as conflicting with their Accounting Officer responsibilities or with the statutory and non-delegable responsibilities set out in paragraph 2 above. In such cases, the Board minutes will record why the Chair of the OBR has declined to accept the view of the Board.

Oversight Board responsibilities

6. The Oversight Board is specifically responsible for:
 - establishing and taking forward the strategic aims of the OBR, consistent with its statutory framework, guidance provided in the Charter, and the role the OBR performs in the fiscal framework;
 - developing the OBR's corporate and business plans;
 - ensuring that any statutory or administrative requirements for the use of public funds are complied with; that the OBR operates within the limits of its statutory and delegated authorities set by the Treasury and in accordance with any other conditions relating to the use of public funds; and that, in reaching decisions, it takes into account guidance issued by the Treasury;
 - ensuring that it receives and reviews regular financial information concerning the management of the OBR; and processes are in place to facilitate the sharing of any concerns about the activities of the OBR;
 - assuring itself of the effectiveness of the internal control and risk management systems of the OBR, by establishing an Audit and Risk Assurance Committee function;
 - adopting the Annual Reports and Accounts and giving support to their signature by the Accounting Officer, taking account of the recommendations and comments from the Audit and Risk Assurance Committee;
 - ensuring the OBR demonstrates high standards of corporate governance at all times;
 - ensuring that a suitably rigorous appraisal process is in place for all the Members of the Board;
 - overseeing the remuneration of the OBR Members (as determined by the Treasury); and
 - overseeing the pay remit and Human Resources policies applying to OBR staff.

Membership of the Board

7. The Board consists of the Chair of the OBR and the two other members of the BRC, and the non-executive members of the OBR.
8. Whereas the Chair of the OBR retains executive responsibility for the management of the OBR, the Board will be chaired by a non-executive member, in line with best practice in corporate governance. The non-executive Chair of the Oversight Board ('the Chair of the Board') will have responsibility for:
 - facilitating board meetings, formulating the Board's strategy and setting the board's agenda;
 - promoting the efficient and effective use of staff and other resources;
 - ensuring that systems are in place to provide Board members with accurate and timely information of good quality to allow the Board to consider properly all matters before it;
 - ensuring that the work of the Board and its individual members are reviewed and are working effectively;
 - ensuring board members are fully briefed on their terms of appointment, duties, rights and responsibilities;
 - ensuring that there is a Code of Conduct for Board members in place consistent with the Cabinet Office model Code; and
 - ensuring that the Chancellor is informed of the OBR's needs when board vacancies arise.
9. The Chair of the Board shall have direct access to staff in the OBR as (s)he deems necessary; in turn, staff shall have access to the Chair of the Board as appropriate as set out in paragraph 15.
10. Individual Oversight Board members should:
 - comply at all times with the Board Members' Code of Conduct and with the rules relating to the use of public funds and to conflicts of interest;
 - not misuse information gained in the course of their public service for personal gain or for political profit, nor seek to use the opportunity of public service to promote their private interests or those of connected persons or organisations;
 - comply with the Board's rules on the acceptance of gifts and hospitality; and
 - act in good faith and in the best interests of the OBR.

Board support

11. The Board will be supported in its responsibilities by a Board Secretary, who will normally be the OBR's Head of staff. The Board Secretary will:
 - support the Chair of the Board and the Chair of the OBR in the construction of the Board calendar and agendas;
 - call for and monitor the distribution of Board papers, as required by the agenda;
 - organise invitations to attend meetings; and
 - prepare minutes.
12. The Board Secretary will be supported in this role by the OBR Office Manager.
13. The OBR's Financial Adviser will attend Board meetings as necessary, to advise the Board.

Executive management of the OBR

14. A management group, chaired by the Chair of the OBR and including the OBR Head of Staff, will have executive responsibility for the overall management of the OBR. The management group will be responsible for implementing strategic decisions taken by the Board, for making any necessary and appropriate decisions relating to the day-to-day performance of the OBR's business, and for the effective management of OBR staff.
15. Consistent with the responsibilities set out in paragraphs 3 and 6, the Non-executive members should make themselves available in response to reasonable requests from OBR staff members to provide advice on any concerns or grievances with the executive management of the OBR.

Board committees

16. The Board has a sub-committee function – the Audit and Risk Assurance Committee. The Chair will be a non-executive member who is not the Chair of the Board, and will be appointed by the Board.
17. The Audit and Risk Assurance Committee supports the Board and the OBR Accounting Officer in their responsibilities for issues of risk management, control and governance arrangements. The terms of reference of the Audit and Risk Assurance Committee are set out in the Annex.

Meetings

18. The Board will hold three scheduled meetings each year in January, May and September, with additional meetings called as required.
19. The Board will only conduct business if the meeting is quorate. The Board will be quorate with three members, including at least one BRC member and one non-executive member, being present.
20. In addition, the Board may hold workshops, which may be chaired by any of the Board members as appropriate, to discuss specific issues. The Board will review its performance on a regular basis in accordance with corporate best practice.
21. The Board meeting schedule will be published on a rolling annual basis, with the expectation that Board members will attend all meetings. The annual meeting schedule should be agreed in advance with all Members. An agenda and papers should be sent to all Members at least five working days in advance of each meeting. If additional Board meetings are required outside of the normal annual schedule then Members should be provided with at least 14 days' notice and every effort made to find a date and location that is acceptable to all Members.

Voting

22. The Board will operate on the principle of consensus. Where consensus is not achievable, a vote will be taken. Each Board member will have one vote. In the event of a tied vote the Chair of the Oversight Board will have a casting vote. Except in the circumstances described in paragraph 5 above, the Chair of the OBR will accept the outcome of the vote.

Minutes

23. Draft minutes of Board meetings and notes of workshops will normally be produced within three working days, and circulated to Members. They will comprise a summary of the topics covered and the resultant discussion; any decisions (including any dissension and the reasons for it); and action items and those responsible for their discharge.
24. The final Board minutes will be provided to OBR staff and published on the OBR website.

ANNEX: Audit and Risk Assurance Committee – Terms of Reference

1. The Oversight Board has established an Audit and Risk Assurance Committee as a Committee of the Board to support them in their responsibilities for issues of risk, control and governance by reviewing the comprehensiveness of assurances in meeting the Board and Accounting Officer's assurance needs and reviewing the reliability and integrity of these assurances.
2. Specifically the Audit and Risk Assurance Committee will advise the Oversight Board and Accounting Officer on:
 - the strategic processes for risk, control and governance and the Governance Statement;
 - the effectiveness of policies for security of information;
 - the accounting policies, the accounts, and the annual report of the OBR, including the process for review of the accounts prior to submission for audit, levels of error identified, and management's letter of representation to the external auditors;
 - the planned activity and results of both internal and external audit;
 - adequacy of management response to issues identified by audit activity, including external audit's management letter;
 - assurances relating to the management of risk and corporate governance requirements for the organisation;
 - proposals for tendering for either Internal or External Audit services or for purchase of non-audit services from contractors who provide audit services;
 - anti-fraud policies, whistle-blowing processes, and arrangements for special investigations; and
 - the Audit and Risk Assurance Committee will also periodically review its own effectiveness and report the results of that review to the Board.
3. The Audit and Risk Assurance Committee will be composed of at least two non-executive members of the OBR. The Chair will be a non-executive member who is not the Chair of the Board, and will be appointed by the Board.
4. The Audit and Risk Assurance Committee will normally be attended by the Chair of the OBR, the OBR's Financial Adviser and representatives of the OBR's internal and external auditors, as requested by the Chair of the Audit and Risk Assurance Committee.

5. The OBR Head of staff will provide a secretariat function to the Audit and Risk Assurance Committee.
6. The Audit and Risk Assurance Committee may ask any or all of those who attend but who are not members to withdraw to facilitate open and frank discussion of particular matters.
7. The Audit and Risk Assurance Committee will meet at least three times a year, typically on the same day as the Oversight Board meets.
8. The Committee will only conduct business if the meeting is quorate. The Committee will be quorate with two members, the Chair of the Committee and the Chair of the BRC, being present.