

## **Board Meeting 12**

**9.00am – 5.00pm Tuesday 26<sup>th</sup> April 2016**

**CIFO office, St Helier Jersey**

In these and future minutes:

- CED = Commerce & Employment Department, Guernsey
- CIFO = Channel Islands Financial Ombudsman, joint operation of Jersey OFSO and Guernsey OFSO
- EDD = Economic Development, Tourism, Sport and Culture Department, Jersey
- Guernsey OFSO = Office of the Financial Services Ombudsman established by law in Guernsey
- Jersey OFSO = Office of the Financial Services Ombudsman established by law in Jersey
- GIBA = Guernsey International Business Association
- UK FOS = UK Financial Ombudsman Service
- OBSI = Ombudsman for Banking Services and Investments (Canada)

## **Minutes**

**Board of Jersey OFSO**

**Board of Guernsey OFSO**

### **Present:**

David Thomas (DT) in the chair  
John Curran (JC)  
Debbie Guillou (DG)  
John Mills (JM)

### **In attendance:**

Douglas Melville (DM), Principal Ombudsman and CEO  
Sophie Watkins (SW), Manager, Administration & Stakeholder Relations

For item 8.4 only: Lesley Averell, Audit Director, and Sandeep Lamba, Audit Manager, of KPMG

### **Apologies:**

None

<b>1</b>	<b>Minutes of last meeting</b>	<b>Action</b>
	The board noted a quorum was present.  The minutes were approved.	
<b>2</b>	<b>Guernsey OFSO</b> The board approved the annual report with some minor amendments. The board noted that work was not yet complete on the financial statements and audit but that this would be completed	

	<p>in the next few days to enable the report and audited accounts to be approved by email resolution and meet the statutory obligation to be provided to CED by the end of April 2016.</p> <p>The board noted that discussions are continuing with officers at CED over identifying a suitable date for a public event in each island to mark the publication of the CIFO annual report and quarterly statistics, given the Guernsey election and the resulting period to establish the new administration.</p>	
<b>3</b>	<p><b>Jersey OFSO</b></p> <p>The board approved the annual report with some minor amendments. The board noted that work was not yet complete on the financial statements and audit but that this would be completed in the next few days to enable the report and audited accounts to be approved by email resolution and meet the statutory obligation to be provided to EDD by the end of April 2016.</p> <p>The board noted that discussions are continuing over identifying a suitable date for a public event in each island to mark the publication of the CIFO annual report and quarterly statistics.</p> <p>The board noted the position on the scope of CIFO's jurisdiction in relation to pensions.</p>	
<b>4</b>	<p><b>Guernsey States actions</b></p> <p>In relation to CIFO's recommendation of 20 January 2016 to CED regarding the amendment of the Financial Services Ombudsman (Case Fee and Levies) (Bailiwick of Guernsey) Order 2015, the board noted that:</p> <ul style="list-style-type: none"> <li>▪ there have been further discussions at officer level with CED and that the Principal Ombudsman attended a CED board meeting on 21 March 2016;</li> <li>▪ CIFO staff have been asked to attend a meeting on 28 April 2016 with CED staff and the Guernsey International Business Association (GIBA) to discuss the situation;</li> <li>▪ CIFO's position remains unchanged from that set out in the briefing note on CIFO funding structure of 11 March 2016 approved by the Board i.e. that a decision on the further cost-sharing extension is a matter for CED and EDD jointly to decide, failing which the Board is minded to share costs on the basis set out in the paper.</li> </ul>	
<b>5</b>	<p><b>Jersey States actions</b></p> <p>No formal response has been received to CIFO's recommendation of 20 January 2016 to EDD regarding the amendment of the Financial Services Ombudsman (Case-fee and Levy) (Jersey) Regulations 2015. Discussions have been held at officer level and it is expected there will be further discussions between EDD and CED.</p>	
<b>6</b>	<p><b>Chief Executive's Report</b></p> <p>The board noted the Chief Executive's report. In particular, the board noted:</p>	

	<ul style="list-style-type: none"> <li>• Staff are following up with CIFO’s bankers to enable use of the savings account.</li> <li>• CIFO has committed to new additional office space within 3 The Forum to provide additional meeting room and working space from 1 June 2016 for the remainder of the existing lease (i.e. to end 2017).</li> <li>• The complaint management system will be supplied by the Ombudsman for Banking Services and Investments (Canada) in early June 2016. Meetings are ongoing with local suppliers with programming expertise in MS Dynamics to identify a shortlist of potential suppliers to work on the adaptation of the complaint management system for CIFO’s needs. Quotations will also be obtained for general IT support and infrastructure improvements.</li> <li>• The issue of staffing complement and skills and the planned discussions involving Debbie Guillou on finance functions.</li> <li>• The potential impact on CIFO of multiple complaints relating to one provider or product.</li> <li>• The report from the recent staff training offered on a pro bono basis by UK FOS.</li> <li>• The status of discussions in both Jersey and Guernsey relating to MoUs with FIN-NET members and UK FOS governing the handling of cross-border complaints.</li> </ul>	<p>SW</p> <p>DM</p> <p>DM / DG/ SW</p>
<p><b>7</b></p>	<p><b>Complaints volumes and quarterly analysis</b></p> <p>The board noted the quarterly statistics provided and gave feedback for their further development.</p>	
<p><b>8</b></p>	<p><b>Finance</b></p> <p><b>Expense approval policy</b></p> <p>The board ratified the previous approval by email correspondence of the change to expense approval policy to enable either David Thomas or Debbie Guillou to approve CEO expenses.</p> <p><b>CIFO cash flow and Q1 accounts</b></p> <p>The board noted the update on cash flow and that the Q1 accounts had not been provided by the book-keepers due to the time taken to prepare the 2015 financial statements.</p>	

<p><b>2015 levy update</b></p> <p>The board noted the update on the 2015 levy collection and confirmed that staff should maintain the policy on liability for the 2015 levy and provide an update by the end of May on debtors generally; debtors in the Guernsey investment sector; and any requests for late zero-rating to be applied to 2015 levies. The board requested that a reminder statement should be sent to the Guernsey investment sector in advance of the 2016 levy notice including the statement that interest is accruing and an indication of the daily rate of interest.</p>	<p>DM / SW</p> <p>SW</p>
<p><b>2016 levy update</b></p> <p>The board discussed the policy on the operating reserve and the smoothing of cashflow. The 2015 levy schemes had sought to establish a fixed-sum operating reserve of a total of £350,000 which was considered prudent in view of various uncertainties.</p> <p>The board considered the 2015 income received and still outstanding from debtors and its treatment in calculating the annual levy, as well as current cash flow projections until the 2016 levy income is received. The 2016 levy schemes and consultation paper 8 feedback paper will be revised accordingly and provided to the board for approval. This will result in lowered levy amounts for 2016, which will need to be reflected in the levy notices and invoices and will delay the date of the levy notice issuance.</p>	<p>SW</p>
<p><b>2015 Audit</b></p> <p>Lesley Averell, Audit Director, and Sandeep Lamba, Audit Manager, of KPMG joined the meeting. The Audit Director advised that:</p> <ul style="list-style-type: none"> <li>• the audit was mostly completed, however there were still some areas to be finalised;</li> <li>• CIFO needed to advise of any subsequent events up to the date of signing the audit report such as board decisions and further correspondence with regulators;</li> <li>• There were five outstanding issues to be completed on the audit, including assessment of individual debtors as to recoverability which was further discussed;</li> <li>• Particular areas of complexity have been around the levies to the Guernsey investment sector and the manual splitting of the ledger between the islands before its entry into the accounting system.</li> </ul> <p>The board discussed the audit work. After considering KPMG's advice, the board decided that EDD and CED should not be shown as related parties. The board also confirmed that it continues to view both OFSOs as going concerns based on its assessment of the following:</p> <ul style="list-style-type: none"> <li>• All statutory aspects of the mandate are finalised making the OFSOs mandatory in both jurisdictions;</li> <li>• All material repayment liabilities have been satisfied (States loans);</li> </ul>	

	<ul style="list-style-type: none"> <li>• Statutory ability to levy industry on both islands to cover our operating costs;</li> <li>• Strong cash position and six-months' operating expense held in an operating reserve;</li> <li>• Operational momentum including case files tracking to plan;</li> <li>• Fully staffed, established Board of Directors, rented premises;</li> <li>• MoUs with the Financial Services Commissions on both islands.</li> </ul>	
<b>9</b>	<p><b>CIFO activities plan</b></p> <p>The board noted the revised activities plan circulated in the meeting.</p> <p>The board noted that between board meetings, the chairman and Principal Ombudsman hold 2 fortnightly meetings by telephone, then one fortnightly meeting in person, followed by 2 fortnightly meetings by telephone.</p>	
<b>10</b>	<p><b>CIFO consultations</b></p> <p>The board noted that there are no current consultations.</p> <p>The board considered and amended the consultation process summary.</p>	
<b>11</b>	<p><b>2015 Annual Report</b></p> <p>The annual report was approved as proposed with minor edits and subject to inclusion of the final audited financial statements.</p>	
<b>12</b>	<p><b>Risk Management</b></p> <p>The board considered the briefing note on business continuity and noted the default filing mode is electronic. Staffing remains a key business continuity risk along with IT which is being addressed through RFPs for IT support in this quarter.</p>	DM

<p><b>13</b></p>	<p><b>Policy Items</b></p> <p><b>Policy on publication of Ombudsman determinations</b></p> <p>The board considered the issue of how to provide context and balance once Ombudsman determinations start to be published. The board noted that the publication of case studies will be helpful for this purpose, potentially layered with themes and statistics on the CIFO website, and consideration should be given to recording summaries of cases as they are closed.</p> <p>The board noted that the first two determinations are in progress.</p> <p>The board agreed that:</p> <ul style="list-style-type: none"> <li>• as previously agreed, all ombudsman determinations should be published;</li> <li>• to ensure a balanced picture of case outcomes, that publication should be in the context of a fair balance of case studies.</li> </ul> <p>Staff are asked to return to the board with a publication plan.</p> <p><b>Publication of board expenses</b></p> <p>The board considered the prepared format of expenses for publication. The board agreed that:</p> <ul style="list-style-type: none"> <li>• there should be a single category of 'Travel' to combine 'Rail/tube/bus' expenses and 'Air/Sea Travel' expenses;</li> <li>• Conference expenses should be shown in a separate column, separate to 'Miscellaneous'.</li> </ul> <p><b>Proposed Public Quarterly Statistics</b></p> <p>The board noted the proposed public quarterly statistics provided and gave feedback for their further development.</p>	<p>DM</p> <p>HR</p> <p>HR</p>
<p><b>14</b></p>	<p><b>AOB - Board meeting schedule</b></p> <p>There was no change proposed to the meeting schedule for 2016.</p>	
<p><b>15</b></p>	<p><b>Any other business</b></p> <p>Nothing further discussed.</p>	
	<p>Approved at board meeting 13 on 20 July 2016</p> <p>Chairman</p>	