



**Annual Report and Accounts  
2006/07**

**The Commissioner's report  
on regulation by Designated  
Professional Bodies of  
their members**



# Annual Report and Accounts of the Office of the Immigration Services Commissioner

1 April 2006 – 31 March 2007

**Incorporating the Commissioner's report on regulation by Designated  
Professional Bodies of their members**

Presented to Parliament by the Secretary of State in pursuance of paragraph 21(3) of Schedule 5 to the Immigration and Asylum Act 1999 and by the Comptroller and Auditor General in pursuance of paragraph 20(3) of that Act.

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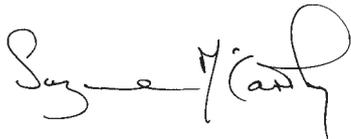
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## Annual Report and Accounts of the Office of the Immigration Services Commissioner

The Rt Hon Jacqui Smith MP

Madam,

I have pleasure in submitting the Annual Report and Accounts of the Office of the Immigration Services Commissioner as required by paragraph 21(3) of Schedule 5 to the Immigration and Asylum Act 1999. The report covers the period 1 April 2006 to 31 March 2007.

A handwritten signature in black ink, appearing to read 'Suzanne McCarthy', with a large, stylized flourish at the end.

Suzanne McCarthy  
Immigration Services Commissioner and Accounting Officer  
Office of the Immigration Services Commissioner  
Counting House  
53 Tooley Street  
London SE1 2QN

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# Foreword



I am pleased to present this report, which details the activities of my Office during my first full year as Immigration Services Commissioner.

The Office of the Immigration Services Commissioner (OISC) protects those seeking immigration advice and services by ensuring that immigration advisers are fit and competent. It achieves this through its regulatory scheme, by investigating complaints and by prosecuting those who give illegal advice. Its work is important both for those requiring such advice and services and for society in general.

During this year, I have continued to be ably supported by the Deputy Commissioner and OISC staff. I warmly recognise and appreciate their continued dedication to the work of the OISC. I am also grateful to those both within and outside the immigration sector who have worked with the OISC during the year. The exchange of information and discussion this has facilitated have helped the OISC in its development and in achieving its objectives.

I recognise the challenges that the immigration sector faces, and I am pleased that the OISC will continue to be an important participant in the work that lies ahead. I am honoured to occupy the position of Immigration Services Commissioner, and I look forward to continuing to work with the Deputy Commissioner and OISC staff in delivering my Office's vital statutory responsibilities.

A handwritten signature in black ink, which reads "Suzanne McCarthy". The signature is fluid and cursive.

Suzanne McCarthy  
Immigration Services Commissioner  
18 July 2007

## Chapter 1: Commissioner's statement

If the OISC had a maxim it would be that OISC-regulated advisers are fit and competent and act in their client's best interests. From the beginning the OISC has concentrated on three primary objectives – restricting and controlling illegal activity in the giving of immigration advice, the delivery of good regulation and supporting regulated advisers. In fulfilling its role, the OISC must operate efficiently and economically.

The OISC needs to maintain and build on the respect and recognition it has achieved within the immigration sector and beyond. To do this it must remain an effective regulator, ensuring that its advisers provide a good quality service to their clients and that the OISC, in turn, provides a good service both to regulated advisers and its other stakeholders.

The OISC's workload has continually risen over the years as the number of immigration advice organisations, particularly for-profit firms and individual advisers, has increased. Like other public sector bodies, the OISC operates within strict budgetary limits, so, as the workload rises, the OISC must continually seek ways to work smarter.

The OISC's strategic focus is on continual evolution and maintaining a holistic approach to its three roles of regulator, ombudsman and prosecutor. A four-part, high-level strategy was introduced in the OISC's 2005/06 Business Plan, being:

- an explicit acknowledgement and appreciation by the OISC that it does not work in isolation;
- a commitment to completing the development of the OISC's regulatory framework;
- an understanding that the OISC should continue to be a good regulator by keeping its own performance under review and developing and operating its policies, processes and procedures in accordance with Better Regulation Principles and in line with good corporate governance requirements; and
- recognition that the OISC needs to make its role and contributions better known, understood and appreciated by those within the sector and beyond.

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## Our regulatory processes have been designed to be proportionate, well-targeted and transparent

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It is possible to gain a good understanding of the size and scope of the OISC's activities by reading Chapter 3, which contains updated statistical data, and Chapter 4, which reports on the OISC's achievements against its key performance indicators (KPIs). In this statement, I intend to highlight major developments and activities of the year under review as well as what is planned for 2007/08.

My separate report to the Home Secretary, presented in accordance with my monitoring responsibilities with respect to the Designated Professional Bodies (DPBs), directly follows this Annual Report and Accounts. That review touches on developments in that area, and therefore these are not covered in this statement.

### Major developments in 2006/07

#### 1. The OISC's regulatory scheme

The OISC's regulatory framework consists of several key elements – an integrated, risk-based audit process featuring reviews of regulated organisations' main business systems and structures; the scrutiny of case files and the assessment of adviser competence; the investigation of complaints; the prosecution of illegal advisers; and the promotion of good practice within the sector. Our regulatory processes have been designed to be proportionate, well-targeted and transparent.

#### Second edition of the Commissioner's Rules and Code of Standards

The Commissioner's Rules, applicable to Registered (for-profit) OISC organisations, and the Commissioner's Code of Standards, applicable to all OISC-regulated organisations and those subject to Ministerial Orders, are fundamental to the OISC's regulatory scheme. They were first published in October 2000, before the OISC was fully operational.

The OISC recognised that it was time to review these documents and a public consultation was undertaken in spring 2006. The responses received, combined with changes in legislation and policies and internal developments in how the OISC operates, have been incorporated into the second edition of the Rules and Code. These were launched at the OISC's November 2006 Annual Conference and were implemented on 2 July 2007. It was decided to have a long lead-in period to give advisers sufficient time to familiarise themselves with the new documents and, as necessary, adapt their business practices.

In the second edition, the Rules have been reduced from 42 to 21 while the Codes have been increased from 60 to 95, with the latter including more than the previous Code about business promotion, case management and record keeping.

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## The results have confirmed that OISC advisers are adequately skilled and competent

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The Codes also now include financial requirements in recognition that the not-for-profit immigration advice sector also needs to ensure financial probity in the way it works.

In the Rules, specific requirements have been inserted ensuring that clients are provided with a written explanation on how their adviser's fee is composed and mandating advisers to notify the OISC of any significant changes in their fees scales.

### Commissioner's Complaints Scheme

Another basic component of the OISC regulatory environment is its Complaints Scheme. Again, like the Rules and Code, the Complaints Scheme was written before the OISC actually began operating. An extensive consultation was conducted by the OISC on its Complaints Scheme in 2005/06. The revised Scheme was published in March 2006 and went live on 1 June 2006. It has been designed to be more user friendly and to make clearer what the OISC expects of its advisers in the event that a complaint is made against them.

An important development has been the introduction of Practice Points, being recommendations of good practice that the OISC may make to an adviser as a result of a complaints investigation. Practice Points aim to assist advisers to improve their standards. The OISC will expect such recommendations to be acted upon, and will check that this has been done as part of its regular regulatory observations.

### Competence assessments

Over the past two years, the OISC has conducted a comprehensive competence assessment testing programme of its regulated advisers. This programme was completed in March 2007 and represented a significant step forwards in providing increased assurance of the sector's professionalism.

The results have confirmed that OISC advisers are adequately skilled and competent. We have worked with advisers when the tests have exposed gaps in their knowledge and, in a few cases, assessments have highlighted that some advisers were working beyond their abilities. In those cases, advice levels have been appropriately reduced. The Immigration Services Tribunal (IMSET) has confirmed my judgement where advisers have appealed against my decisions on reduction of level.



### Application forms and processes

In concert with the introduction of the second edition of the Rules and Codes, the OISC, during 2006/07, reconsidered its application forms and processes with the objective of making them easier to understand and more relevant to the different types of businesses applying for regulation. The new forms and processes should both assist applicants in completing their applications and help the OISC identify those who should not be allowed to join the regulatory scheme. The new application forms and processes will be introduced early in 2007/08.

## 2. Improving the way the OISC works with others

### Online tracking of applications and complaint investigations

Like other modern organisations, the OISC recognises the value of its website and the need to exploit it. In line with this, in 2006/07 we introduced an online facility that allows applicants to track the progress of their applications and also allows complainants and advisers to follow the progress of a complaints investigation.

### Complaints stakeholder survey

It is important for the OISC to understand how complainants perceive the way we deal with their complaint and, in 2006/07, we decided to conduct a survey to find out how complainants felt about our complaints process. The initial survey polled 158 people who had complained to us between 31 July 2005 and 1 August 2006, whose complaints had been closed. The survey asked about their expectations when making a complaint and how well they had understood the process. The response rate was 26%, which is within the national average for such surveys.

Certain key results emerged from the responses received:

- The main reason respondents had complained was because they believed they had received bad advice. They all wanted other people to be protected from the adviser against whom they had complained.
- The great majority of respondents found the OISC complaints form easy to understand and confirmed that the process was clearly explained to them.
- Almost all respondents were satisfied with the process.

The complaints survey will become a regular part of the OISC's complaints process from the beginning of 2007/08, and will be sent to all complainants following the closure of their complaint.



### **OISC/Scottish Refugee Council partnership**

The OISC needs to reach the immigration advice sector wherever it may be operating within the UK. To help us achieve this more effectively in Scotland, in 2006/07 we began a partnership with Scottish Refugee Council.

This has enabled the OISC to make contact with relevant Scottish organisations and communities by way of presentations and participation in events. For example, we have met with the Govan Integration Network, the Maryhill Refugee Project in Glasgow, the Edinburgh Refugee Centre and the Scottish Detainee Visitors Group, as well as with staff and volunteers working at the Gorbals Drop-In Centre. We also attended the Scottish conference of the Pakistani Society of Great Britain.

The OISC played an important role in Refugee Week in Scotland, co-ordinated by Scottish Refugee Council, working with them to organise a key event – ‘Giving Good Immigration Advice and the Work of the OISC’.

In addition, we assisted Scottish Refugee Council in their provision of OISC-approved training courses for the Scottish not-for-profit sector.

## **3. Improving the way the OISC operates internally**

### **Regulatory processes**

As already mentioned, during 2006/07 the OISC overhauled its application forms and processes. This was done in accordance with Better Regulation Principles, and the changes made should assist us in improving consistency in evaluating applications and in the turn-around time needed for processing applications.

As part of our programme of internal review of our processes and recognising the rise in complaints received against advisers, the OISC decided in 2006/07 to reconsider the way in which it investigates complaints. As a result, changes will be introduced in 2007/08, including the introduction of a new complaints form and changes to the way we gather initial information. In addition, improvements are being made to the complaints case management processes.

Audits are essential to our regulatory scheme and require caseworkers to make external visits to adviser premises. During 2006/07, the OISC worked to introduce technology that will allow caseworkers to work more effectively offsite by utilising an electronic audit programme located on portable tablet PCs.

### **Review of the OISC's risks**

A good organisation incorporates within its culture an appreciation and understanding of risk. The OISC has always strived to work in this way.

## Better co-ordination has been achieved and duplication eliminated

In 2006/07, the decision was made to review fundamentally the OISC's corporate risk register and to develop specialist risk registers for the different OISC functions and Business Plan projects. The new corporate risk register was presented to the OISC's Audit Committee at its March 2007 meeting, which commended the organisation for the work it had done on reviewing its risks. The registers will be kept under periodic review.

### Review of the OISC's corporate data sets

Informed discussion and decision making needs robust data. Recognising this, during 2006/07 the Deputy Commissioner led a complete review of data collection and its presentation. This review's aim was to ensure that the data produced was both relevant and accurately presented, and its recommendations have been implemented.

### Review of Central Services and Facilities

The Central Services and Facilities teams fulfil many of the organisation's administrative functions and act as the main contact for initial external enquiries. Their relationship with the OISC's Operational Teams is vital in ensuring that the OISC works well. During 2006/07, a number of reviews were undertaken exploring various aspects of their interrelated functions. Better co-ordination has been achieved and duplication eliminated.

The OISC's programme for the redesign of its database, which is mentioned later in this statement, should allow us to make more improvements in this area. In addition, an internal survey was conducted to find out how the entire organisation viewed delivery of the services provided by the Central Services and Facilities teams. The results of that survey showed a good level of satisfaction within the OISC.

## 4. Raising the OISC's profile

The OISC needs to be visible and appreciated by those who may seek immigration advice, by those working in the immigration advice sector, by those within the Home Office and elsewhere in government and by the general public. This is essential if the OISC is to be able to perform its role fully and have the necessary influence.

As explained, the OISC has been working to improve the way it relates to its various stakeholders. In addition, during 2006/07 the OISC has been evaluating the effectiveness of its communications programmes with the aim of achieving maximum impact within its limited resources.

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## The OISC is reliant on its staff to obtain its goals, and the success it achieves is a tribute to their hard work

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### 5. Ensuring that the OISC remains a good place to work

The OISC is reliant on its staff to obtain its goals, and the success it achieves is a tribute to their hard work and dedication. It is important that the OISC remains a good place to work. In 2006/07, the OISC asked The Work Foundation to conduct a staff survey and event to find out what staff thought of the organisation and where improvements could be made. The results obtained have provided us with a benchmark against which future progress can be measured.

The survey revealed the high levels of pride that OISC staff take in their work and their appreciation of the organisation's friendly working environment. Staff identified improvements that might be made to internal communications, to facilitate greater co-ordination between the different functions and to achieve increased staff development.

The Commissioners and the Office's Senior Management Team welcomed this feedback, and various initiatives have been implemented or are being explored to advance the issues highlighted. Another staff survey is planned for summer 2007, to be followed by a staff event in the autumn.

As mentioned above, internal communications was identified as an issue. While the OISC has an intranet, its potential value is not being fully exploited. As a result, it has been decided not to wait until 2007/08 to make improvements, but to begin an intranet redesign project immediately with staff involvement. The redeveloped intranet should be operational by summer 2007.

Furthermore, the OISC deals with many stakeholders. The great majority of people work well with us but there is a minority that can be rude and aggressive. The OISC feels strongly that staff should not have to put up with abuse and it has been decided to introduce and publish on our website, by summer 2007, a formal policy statement explaining how staff will deal with difficult individuals.

In line with the Employment Equality (Age) Regulations 2006, the OISC adopted a default retirement age of 65 as from 1 October 2006. In addition, the OISC will give full consideration to requests from members of staff who wish to work beyond the age of 65.

### 6. Protecting the environment

The OISC is committed to the environment and promotes a range of environmentally friendly practices in the way it operates. Over the last year, the OISC recycled over 1,840kg of paper, being the equivalent of saving approximately 34 trees and 9,900kWh of energy.



## Looking forwards to 2007/08

The immigration sector is a challenging environment in which to operate. While independent of the Home Office, the OISC expects over the course of 2007/08 to be affected by changes to the Immigration and Nationality Directorate (which became a shadow agency – the Border and Immigration Agency (BIA) – in April 2007) and the outcome of that Department's various initiatives including its review of its Non-Departmental Public Bodies, of which the OISC is one.

In addition, the forthcoming implementation of the Points-Based System will have consequences for both the OISC and its advisers. There are also major pieces of legislation that are currently being considered or being progressed through Parliament that have implications for the OISC. These include those that will change the regulation of the legal professions in England and Wales, and the Home Office's proposed 'simplification' project concerning current immigration legislation.

During 2007/08, subject to budgetary pressures, the OISC plans to work on a number of projects. The most significant of these are described below. A description of all the OISC's 2007/08 projects is given in that year's Business Plan, which is published on the OISC website.

### Differential fees

For some time, the OISC has been exploring how to link the level of registration fees paid with the amount of OISC resources that are likely to be needed in regulating any particular Registered organisation. This is not an easy matter given that the OISC authorises firms at three different advice levels and for five categories of advice. The differential fees scheme will need to be equitable across this complex matrix and be sensitive to the risk impact of advisers when they change levels within the matrix. Work on this has started and will continue in 2007/08.

### Continuous Professional Development

The introduction of Continuous Professional Development (CPD) will add a further assurance regarding the continued competence of OISC advisers. The OISC CPD Scheme will aim to encourage advisers to assume increased responsibility for their professional development by maintaining and expanding their knowledge and skills base. In turn this should reduce the need for the OISC to retest competence, thereby allowing our caseworkers to concentrate more of their efforts on the assessment of new entrants.



We began consultation on the introduction of a CPD scheme in February 2006. The responses received showed that the scheme had positive support, with the general view being that it would be beneficial for both advisers and clients. Having said that, there was a strong feeling that more time was needed before it was implemented.

The OISC has considered those comments and also recognises that a slower introduction would give us more time to develop and test the systems needed for monitoring and for expansion of training. The intention is to encourage and facilitate CPD through the introduction of e-learning, allowing advisers to train, at a time of their choosing, in the workplace.

It has been decided that the CPD scheme pilot should start in late 2007 using a focus group of volunteer advisers and that its actual launch should be delayed until 2008/09, followed by full monitoring from spring 2009.

### Updating the OISC website

Being a good regulator has external dimensions. The OISC requires a website that is customer focused and easy to navigate, containing all the information that consumers, advisers and the general public need to have about the OISC. Looking at the increased number of hits on our website and the expected rise in the number of uses to which we may put the website, we anticipate that [www.oisc.gov.uk](http://www.oisc.gov.uk) will inevitably grow in importance. Considering this, it has been decided that the website should be updated in 2007/08.

### Replacement of the OISC database

The OISC's complaints and casework database is a necessary regulatory resource and tool. The OISC purchased its database in 2001 and since then, as requirements have changed and increased, the database has been continually modified. Considering the probable future demands that will be made on the system, such as with the introduction of differential fees and the desirability of automating some administrative functions, the OISC is keen to replace the database with a new system. The feasibility and cost of such a project are currently being considered. Should the project go ahead, it is anticipated that it would start in 2007/08 and be completed in 2008/09.

### Working 'smarter'

The OISC recognises the importance of making best use of its resources. A number of references have been made in this statement to changes in the way the OISC

## The Deputy Commissioner and OISC staff have given me valuable and unstinting support during the past year

operates that will help it to do more with the limited resources it has. Ways in which we are, or plan, to work 'smarter' are summarised below:

- **Changes to application forms and processes** – Implementation of these changes should reduce the amount of time taken by caseworkers in processing applications and enable them to focus their efforts more precisely where assistance is required.
- **Changes to the OISC complaint investigations procedures** – Implementation of changes in the way we handle complaints should result in a more efficient use of caseworkers' time in conducting complaint investigations.
- **Online tracking of applications and complaints** – Caseworker time should be freed up by allowing applicants, complainants and advisers to view the progress of their applications or complaints online.
- **Redevelopment of the OISC database** – Where possible, automated casework procedures will be included in the database's redesign.
- **Mobile working** – This will facilitate staff flexibility and save time in inputting data and information obtained at audits.
- **Creation of an OISC knowledge index** – The consolidation of accumulated advice, commentary, legal decisions and other relevant material into one index will make it easier and quicker for staff to access relevant material, saving them time and assisting in decision making. Work on the index will take place during 2007/08.
- **Management of information and records** – The aim is to create a uniform filing system across the OISC in compliance with Freedom of Information legislation and, in so doing, facilitate the more efficient use of the OISC's office space and help create a more paperless office.
- **Automated telephone-answering system** – Many calls that the OISC receives are for other bodies such as the BIA. In order to save callers' time and money and to enable members of the OISC's Central Services Team to focus their attention on callers who need to speak to the OISC, an automated telephone-answering system has been introduced, explaining the OISC's role and giving the BIA's number.

## Conclusion

The Deputy Commissioner and OISC staff have given me valuable and unstinting support during the past year. The volume and quality of the work they have done is exceptional, and I am proud to lead an Office composed of such outstanding individuals.

## Chapter 2: The organisation

### The Commissioner's Office

The Commissioner's Office consists of the Immigration Services Commissioner, Suzanne McCarthy, the Deputy Immigration Services Commissioner, Linda Allan, and their administrative support team.

### The Operational Teams

Five separate but interlinking teams make up the OISC's Operational Teams, which are led by the Director of Operations, Stephen Seymour.

#### 1. The Casework and Complaints Teams

Members of the Casework and Complaints Teams have a variety of backgrounds across the private, public and voluntary sectors. These three teams are primarily responsible for delivery of the OISC's regulatory and complaints functions, and act as the main contact point for regulated advisers. The teams ensure compliance with the OISC's regulatory scheme by conducting audits, considering applications for new and continued registration, evaluating competence assessments and investigating complaints.

During 2006/07, team members also helped advisers understand the process of applying for registration by delivering eight application support seminars in London, as well as attending application support seminars in Leeds, Glasgow and Sheffield. Caseworkers have also helped to lead the OISC's regional roundtable events with immigration advisers and have undertaken projects to review the OISC's systems for applications, audits and complaint investigations.

#### 2. The Investigations and Intelligence Team

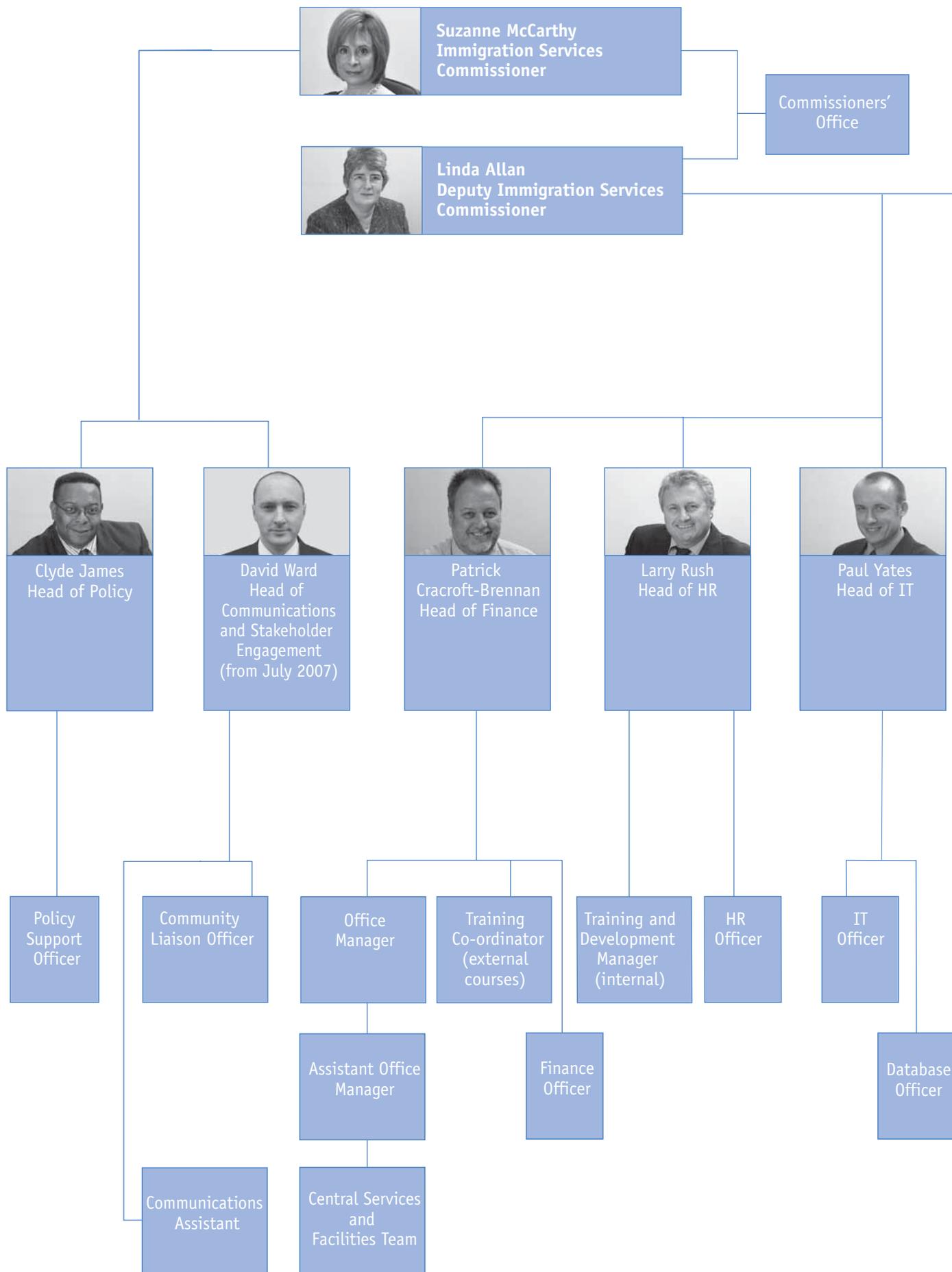
The team seeks out and investigates alone, or jointly with other UK investigative bodies, allegations of unregulated activity relating to immigration advice or services. As part of this work, the team investigates and leads on the prosecution of specific OISC offences before the criminal courts. The intelligence section produces intelligence on prospective and regulated advisers and possible illegal activities. It also produces ad hoc reports on specific subjects.

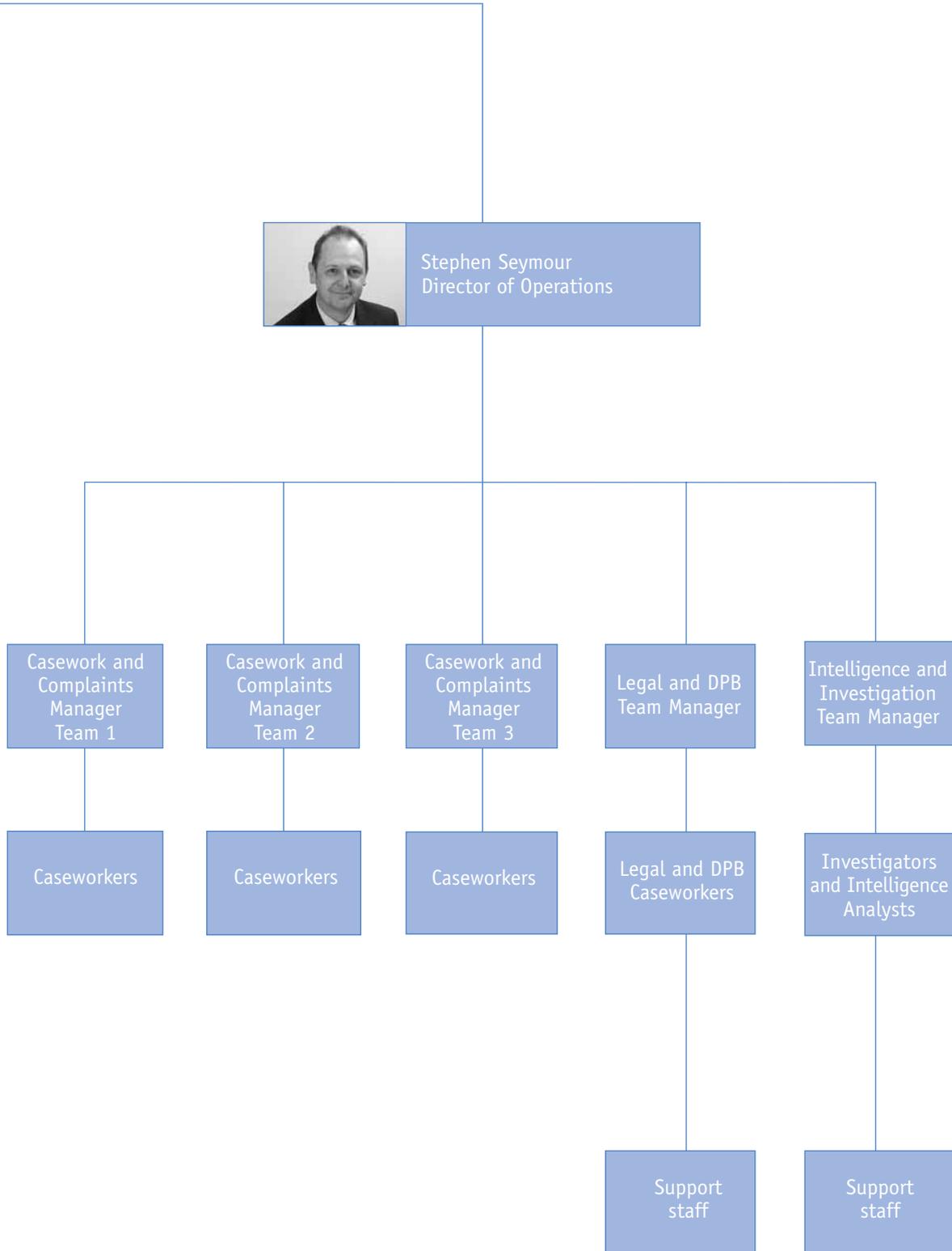


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### 3. The Legal and DPB Team

The Commissioner has a duty to report on the effectiveness of DPBs in regulating their respective members in relation to their provision of immigration advice and services. The DPB element of this team assists the Commissioner in this by monitoring the way in which those bodies process complaints about immigration advice and services and regulate their members. The other part of the team provides the OISC with legal advice on a variety of issues and represents the Office before IMSET.







## The Corporate Support Service Teams

### 1. The Communications and Stakeholder Engagement Team

This team works to raise awareness of, and develop confidence in, the OISC among community, voluntary and refugee groups within the UK. It also organises events with regulated advisers, such as the Annual Conference and roundtable meetings, and manages the organisation's internal and external communications. As part of this work, it produces key communication materials such as the Annual Report.

### 2. The Finance and Administration Team

The Finance and Administration Team is divided into four sections with responsibility for the following functions:

- **Finance** – This section prepares the annual budget and oversees the OISC's income and expenditure. Specific responsibilities include paying disbursements and preparing the annual accounts and other periodic financial reporting. The section also acts as secretariat for the OISC's Audit Committee and has overall responsibility for dealing with Freedom of Information Act and Data Protection Act requests.
- **Central Services** – This section is the first point of contact for the public, receiving all incoming general enquiries.
- **Facilities** – This section has responsibility for ensuring that the Office has the necessary equipment and other provisions to operate effectively. As part of its role, it liaises with managing agents, equipment engineers and other providers.
- **External Training** – This section runs the OISC's training programme for Exempted OISC advisers.

### 3. The Human Resources Team

The Human Resources (HR) Team is responsible for providing comprehensive personnel, training and development service for OISC staff. During 2006/07, the team continued its review of HR policies to ensure that they were compliant with changes in employment legislation. These policies will form part of the revised OISC Staff Handbook, which will replace the existing version during 2007/08.

Several recruitment exercises were undertaken during the year and staff attended over 330 training and development days. Together with The Work Foundation, the HR Team led the OISC's first staff survey and follow-up staff event during the year.

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#### **4. The Information Technology Team**

The Information Technology (IT) Team is responsible for the provision, maintenance and support of the Office's IT functions. During 2006/07, the team conducted a comprehensive review of the OISC's core business database. In addition, the team has upgraded and consolidated various IT security systems and has set up resilient links to the OISC website in light of the increased emphasis by the OISC on web-delivered services.

#### **5. The Policy Team**

This team's remit includes providing guidance on the parameters of the OISC's regulatory scheme, interpreting relevant legislation and case law and contributing to discussions on possible legislative changes. The team also represents the OISC at a variety of stakeholder events and meetings.

During 2006/07, the team led a major consultation exercise on the Commissioner's Code of Standards and Rules. It also assisted in the implementation of the revised OISC Complaints Scheme. During the year, the team responded on behalf of the OISC to various external consultations listed in Annex B.

## Chapter 3: Statistical report

### Regulation of immigration advice

It is illegal to offer immigration advice and services without being directly regulated by the OISC. The only exceptions to this are those who are regulated by a DPB, such as the Law Society of England and Wales, or those who have been exempted by way of Ministerial Order.\*

The types of organisation that the OISC regulates range widely from small community-based organisations and sole traders right through to national charities with multiple offices and specialist, for-profit advisory services. Statute distinguishes between regulated organisations by dividing them into two specific categories: Registered and Exempt. The OISC defines these in the following way:

- Registered organisations are those mainly operating in the private sector. They charge for their advice or services either through a straightforward fee or via charges made as part of a larger advice package, for example, a private college that offers immigration advice as part of its student services. Voluntary and community sector organisations, including charities and local authorities that charge for their services, are included in this group.
- Exempt organisations generally operate in the voluntary or community sector. They do not charge clients for the services they provide. These bodies are referred to as 'Exempt' only because they are exempt from paying any registration fee to the OISC.

The OISC's regulatory framework is based on four cornerstones: the Code of Standards, the Commissioner's Rules, the Guidance on Competence and the Complaints Scheme. The Commissioner's Rules, which focus mainly on financial management, apply only to Registered organisations, while the other three apply to all organisations. These documents set out what is expected of regulated immigration advisers in terms of skills, experience and aptitudes and are the OISC's main regulatory documents.

The OISC's approach to regulation is both targeted and proportionate. Wherever possible, the OISC supports and encourages organisations to come into its scheme and to develop and improve the level of service they offer to their clients.

\* Ministerial Orders give specific exemption from regulation and relate to the NHS, publicly funded educational institutions and employers.

# 3,915

## Total number of regulated advisers as at 31 March 2007

### Statistics on regulated organisations and advisers as at 31 March 2007

The following statistics outline the size of the regulated sector and how it breaks down by level of regulation, type of regulation, type of advice being offered and location.

**Table 1: Total number of organisations**

	As at 31 March 2006	As at 31 March 2007	Change
Registered	591	673	Increase of 82
Exempt*	976	988	Increase of 12
Total number of regulated organisations	1,567	1,661	Increase of 94

\*This figure includes Citizens Advice Bureaux regulated at Level 1.

**Table 2: Total number of regulated advisers**

	As at 31 March 2006	As at 31 March 2007	Change
Registered	1,241	1,770	Increase of 529
Exempt*	2,392	2,356	Decrease of 36
Total number of regulated advisers**	3,629	3,915	Increase of 286

\*This figure includes Citizens Advice Bureaux advisers.

\*\*The total does not add up as some advisers work for more than one organisation and are counted more than once.

## Total number of regulated premises as at 31 March 2007

# 1,914

**Table 3: Total number of regulated premises per region per level**

	Level 1		Level 2		Level 3		Total		Overall total
	Reg*	Ex**	Reg	Ex	Reg	Ex	Reg	Ex	
East Midlands	17	52	3	3	7	4	27	59	<b>86</b>
East of England	29	86	2	4	9	5	40	95	<b>135</b>
London	216	200	62	32	129	44	407	276	<b>683</b>
North East	14	29	0	2	1	2	15	33	<b>48</b>
Northern Ireland	12	28	2	1	0	2	14	31	<b>45</b>
North West	31	95	8	3	22	14	61	112	<b>173</b>
Scotland	15	78	2	2	6	1	23	81	<b>104</b>
South East England	60	137	11	9	22	7	93	153	<b>246</b>
South West England	19	67	1	1	2	3	22	71	<b>93</b>
Wales	5	47	0	0	4	2	9	49	<b>58</b>
West Midlands	29	59	4	5	13	8	46	72	<b>118</b>
Yorkshire	21	60	2	10	16	11	39	81	<b>120</b>
Other	1	2	0	0	1	1	2	3	<b>5</b>
<b>Total</b>	<b>469</b>	<b>940</b>	<b>97</b>	<b>72</b>	<b>232</b>	<b>104</b>	<b>798</b>	<b>1,116</b>	<b>1,914</b>

\*Registered.

\*\*Exempt.

**Table 4: Total number of OISC-regulated individual advisers per region per category**

	Asylum	Entry clearance	Nationality and citizenship	EU and EEA*	Detention
East Midlands	32	52	48	26	16
East of England	41	96	63	52	13
London	1,467	1,514	1,506	1,180	648
North East	18	13	14	8	1
Northern Ireland	6	9	8	9	1
North West	95	142	142	89	37
Scotland	36	48	30	24	3
South East England	139	141	113	74	18
South West England	20	44	31	23	4
Wales	19	13	16	7	5
West Midlands	80	129	116	82	25
Yorkshire	70	125	121	82	26
<b>Total</b>	<b>2,023</b>	<b>2,326</b>	<b>2,208</b>	<b>1,656</b>	<b>797</b>

\*European Union and European Economic Area.

**Table 5: First-time applications**

	Registered	Exempt	Total
Applications received	196	59	<b>255</b>
Applications brought forward from 2005/06	75*	24*	<b>99*</b>
Applications approved	188	41	<b>229</b>
Applications refused	16	16	<b>32</b>
Applications withdrawn	17	7	<b>24</b>
Applications carried forward	52	17	<b>69</b>

\*Please note that these figures are slightly higher than the figures originally given in the OISC Annual Report and Accounts 2005/06.



### Rejecting applications and withdrawing exemption

Refusing an organisation's application for entry into the regulatory scheme or to be re-registered, or withdrawing an organisation's exemption, are serious matters and are not actions that the OISC takes lightly. While our caseworkers make every effort to help organisations, it is the Commissioner's statutory duty to protect the public from unfit or incompetent immigration advisers.

**Table 6: Reasons for refusal or withdrawal of exemption**

Reason for refusal or withdrawal of exemption	2005/06	2006/07
Non-compliance – not fit/not competent	14	32
Incomplete application/information	27	16

### Organisations leaving the scheme

Organisations leave the OISC's scheme for a number of reasons, as indicated in Table 7.

**Table 7: Reasons for departure**

Reason for departure	2005/06	2006/07
Did not return re-registration application	30	49
No longer giving immigration advice	45	14
Ceased trading	31	33
Regulation not necessary as no adviser at organisation	2	4
Now under a DPB	5	0

### Changing competence levels

We may change an organisation's or adviser's level for a number of reasons. Where there is an increase in level, the organisation or adviser will have applied to move up and will have undertaken competence assessment at the higher level before being approved. Where the level is decreased, this may either be because the organisation or adviser tells us that they no longer wish to operate at the higher level or because we consider, based on competence assessment and/or audit, that they are no longer fit and/or competent to operate at that level.

# 23%

of complainants heard about the OISC through the internet

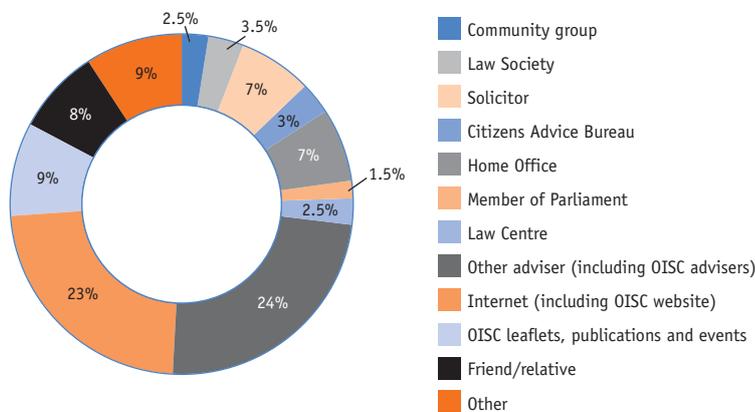
## Assessing advisers' competence

The requirement for advisers to sit formal competence assessment came into force on 1 April 2005. This has inevitably resulted in some advisers moving up and down levels. Some organisations have used the assessment framework to develop their staff, while others were unable to demonstrate their competence to the required level and had their level of authority to operate reduced.

## Complaints

The OISC's Complaints Scheme forms an important part of our regulatory function. Complaints help the OISC to monitor how well advisers are serving their clients, and are taken into account during audits. Complaints against unregulated advisers also help bring illegal activity to our attention.

**Figure 1: How complainants heard about the OISC\***



\*Please note that these figures are based on responses given to the question 'How did you hear about the OISC?' in the OISC's complaints form. As the complaints form is just one of the means by which the OISC receives complaints, the above does not represent the total number of complaints the OISC received in 2006/07.

# 497

## complaints were received in 2006/07

**Table 8: Who the OISC received complaints from**

Public	OISC advisers	Other	AIT*	DPB advisers	IND**	Other public body	OISC initiated	Law Centres	MP	Law Society
295	62	30	27	24	16	7	23	6	5	2

\*Asylum and Immigration Tribunal.

\*\*Immigration and Nationality Directorate (now known as the Border and Immigration Agency).

As in previous years, by far the single largest group of complainant is the general public.

**Table 9: Breakdown of total complaints received 2001/02–2006/07**

	Complaints against OISC-regulated advisers	Complaints against DPB-regulated advisers	Complaints against unregulated advisers	Total number of complaints received
2001/02	120	178	91	417*
2002/03	120	204	178	502
2003/04	138	217	116	471
2004/05	238	163	140	541
2005/06	255	170	143	568
2006/07	239	114	144	497
<b>Total</b>	<b>1,110</b>	<b>1,046</b>	<b>812</b>	<b>2,996*</b>

\*Includes 28 complaints that were outside the OISC's jurisdiction.

### Disposal of OISC complaint cases against regulated advisers

As at 31 March 2006, 137\* cases were being investigated by the OISC. During the year, we received a further 239 complaints against OISC-regulated advisers. Of the total 376 complaints, we closed 231, which is just over 60% of complaints. This is similar to the proportion of complaints closed in 2005/06.

\* Please note that this figure is slightly lower than the figure of 139 originally given in the Annual Report and Accounts 2005/06.

**Table 10: How the OISC disposed of complaint cases against regulated advisers**

Substantiated	Unsubstantiated	Conciliated	Suspended investigation	No supporting evidence	Not OISC regulated	Withdrawn	Passed to Intelligence	Made into DPB case	Other	Total
115	27	2	1	12	43	11	5	2	13	<b>231</b>

Substantiated:	The organisation was found to have breached the Commissioner's Rules or Code of Standards and a sanction was applied.
Unsubstantiated:	No breach was found.
Conciliated:	The complainant and the organisation came to an agreed settlement (for example, the organisation handed over the complainant's file in return for unpaid fees) and the OISC was satisfied that no further investigation was required.
Suspended investigation:	The investigation of the complaint was suspended because, for example, either the firm or the complainant were involved in ongoing legal proceedings.
No supporting evidence:	Evidence was not forthcoming to support the complaint.
Not OISC regulated:	The organisation left the regulatory scheme before the complaint could be determined or the complaint did not relate to a matter with which the OISC can deal.
Withdrawn:	The complainant withdrew their complaint.
Passed to Intelligence:	The details of the complaint were passed to the OISC's Investigations and Intelligence Team for analysis as the complaint did not relate to a regulated adviser, member of a DPB or someone otherwise exempt. Although the matter is not 'closed', it is no longer considered a complaint under the Immigration and Asylum Act 1999.
Made into DPB case:	The complaint was passed to a DPB.
Other:	For example, complaints were made anonymously and did not provide enough information for the OISC to open an investigation.

### Appeals and charges before IMSET

Certain decisions by the Commissioner to refuse or vary registration or to withdraw exemption carry a right of appeal to IMSET. Similarly, our decision to lay disciplinary charges is considered by IMSET.

The general public is the OISC's main source of information leading to investigations

**Table 11: Breakdown of appeals and charges 2003/04–2006/07**

	2003/04	2004/05	2005/06	2006/07
Number of appeals received	9	21	11	14
Number of appeals allowed	4	4	1	0
Number of appeals dismissed	2	5	3	5
Number of appeals withdrawn	0	0	5	4
Number of charges brought	–	1	2	2
Number of charges upheld	–	1	0	2
Number of charges dismissed	–	0	1	2
Number of charges withdrawn	–	0	0	0

At the end of 2006/07, three appeals were carried forward into 2007/08.

## Investigating illegal activity

The OISC undertakes investigations based on information from a range of sources. We have our own in-house team who proactively gather intelligence on possible illegal activity. This year, as in previous years, the general public has been the OISC's main source of information leading to investigations, followed by our own intelligence-gathering work.

**Table 12: Source of investigations**

AIT	Work Permits UK	IND	Public	OISC adviser	Law Society	MP	Other government agency	OISC staff	OISC intelligence	Solicitor	Other	Total
18	1	13	62	13	1	3	2	6	12	11	2	144

Between 2001/02 and 2006/07, the OISC brought 51 prosecutions

### Disposal of investigations

We began the year with 173 cases still open from 2005/06. During 2006/07, a total of 88 investigations were closed, with a total of 229 carried forward into 2007/08.

**Table 13: Disposal of investigations**

Prosecutions	Cautioned	Not in the public interest	Insufficient evidence	Witness/suspect left UK	Failure of witness co-operation	Out of date	Under DPB supervision	Passed to other agency	Total
8	5	6	44	12	4	4	5	0	<b>88</b>

In addition, at the end of 2006/07, there were 20 defendants awaiting trial.

**Table 14: Breakdown of prosecutions 2001/02–2006/07**

Year	Prosecutions	Formal cautions administered
2001/02	1	0
2002/03	8	1
2003/04	13	3
2004/05	7	3
2005/06	14	8
2006/07	8	5
<b>Total</b>	<b>51</b>	<b>20</b>

From 2002 to date, seven warrants are outstanding for defendants who have failed to attend court.

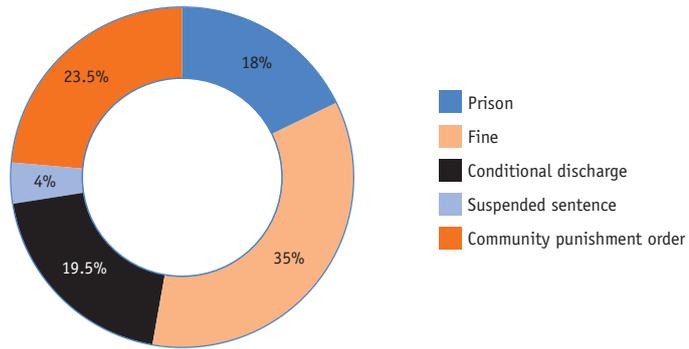
Those convicted of illegally providing or advertising immigration advice can expect sanctions ranging from fines and community punishment orders through to a maximum of two years' imprisonment.

Between 2001/02 and 2006/07,

# 18%

of convictions led to a prison sentence

**Figure 2: Breakdown of punishment on conviction 2001/02–2006/07**



## Chapter 4: Key performance indicators

The 2005/06 Annual Report included for the first time a set of OISC key performance indicators (KPIs), which were selected as reflecting the Office's key day-to-day functions. As anticipated, the data produced has assisted us in evaluating delivery of our primary activities.

### Key performance indicators for 2006/07

The 2006/07 KPIs are as follows:

- 1a) Decide 75% of new applications within five months of receipt.
- 1b) Decide 95% of new applications within eight months of receipt.
- 2a) Decide 75% of applications for continued registration within three months of receipt.
- 2b) Decide 95% of applications for continued registration within six months of receipt.
- 3) Written feedback given on 95% of competence assessments taken within 20 working days.
- 4) At least 33% of the total Level 2 and 3 organisations as exist at 31 March 2006 to have been audited by 31 March 2007.
- 5a) 65% of written complaints about OISC advisers closed within six months of receipt.
- 5b) 90% of written complaints about OISC advisers closed within 12 months of receipt.
- 6) 70% of the Commissioner's decisions to stand following an appeal being lodged with IMSET.
- 7) 70% of charges successfully upheld before IMSET.
- 8) 600 unregulated organisations identified.
- 9) The status of 400 unregulated organisations resolved.
- 10) Internal response targets:
  - a) 95% of applications and written complaints made to the OISC about immigration adviser services acknowledged within five working days;
  - b) 95% of undisputed invoices paid within 30 working days; and
  - c) 100% of undisputed invoices paid within 60 working days.

## The OISC's performance in 2006/07

The OISC's KPIs can be divided into three categories:

- 1) Those that measure how well the OISC has dealt with applications and complaints and the subsequent decisions taken, including:
  - those that measure performance in relation to applications made by advisers including competence assessments and audits;
  - those that measure complaint processing; and
  - those that measure the number of Commissioner decisions that remain standing following an appeal being lodged with IMSET and the number of charges successfully brought by the OISC to IMSET.
- 2) Those that measure how well the OISC has controlled illegal immigration advice and services, including those that measure the number of unregulated organisations identified and the number of such organisations whose status has been resolved.
- 3) Those that measure how long it takes the OISC to process activities internally, including those that measure the time taken to acknowledge applications and complaints and to pay undisputed invoices.

### 1. Those KPIs that measure how well the OISC has dealt with applications and complaints and the subsequent decisions taken

#### KPIs that measure performance in relation to applications

Applications fall into two types. There are those from advisers who wish to join the scheme, which can be from either for-profit firms or not-for-profit firms (Registered or Exempt). There are also those applications from Registered organisations that wish to re-register with the OISC, known as continued registrations.

- **New applications**

At the start of 2006/07, the OISC had 99 new applications outstanding. A further 255 applications were received during the year, which made a total workload of 354 applications, of which 24 were withdrawn. At the end of the year, there were 68 applications remaining to be taken forward into 2007/08.

The OISC met its target of deciding 75% of new applications within five months of receipt. A decision was made on 90% of new applications within eight months of receipt, thus missing that target by 5%.

The OISC's achievements with regard to these particular targets need to be put in context. The introduction of a time limit aimed at speeding up decision making has inevitably meant a change in how the OISC works with organisations applying for authorisation. Furthermore, the decision to assess the competence of all new advisers has proved to be a major task, and that process has inevitably increased the time taken to decide new applications. Those who have not met the level of competence required for their level have needed to do further training and re-takes, which has added to the time needed to process their applications.

In addition, many applicants applied for a level of authorisation higher than they were able to demonstrate through competence assessment. As reduction by the OISC of registered authorised level can be appealed to IMSET, this has added time to the process. Another relevant factor is that the OISC has concentrated on reducing the number of applications that had been open for over six months. This figure has been reduced from 31 at the start of the year to 16 at the end of the year.

The OISC has taken steps to ensure that it meets its 2007/08 targets for dealing with new applications. In particular, a new application form and process is being introduced, as mentioned before. These should both help to simplify the process for applicants and make the OISC's requirements clearer to them, thereby reducing the amount of OISC support needed and speeding up the decision-making process. The new form and process should also help organisations to understand better the standards they must attain before they apply for registration.

This does not mean that the OISC will not assist organisations through the application process, but recognises that organisations have a responsibility to know what they must demonstrate against the expected levels of fitness and competence. In addition, we are putting in place a management information system that will improve the monitoring of applications from receipt to decision.

- **Continued registration applications**

A total of 133 applications for continued registration were brought forward from 2005/06, with 469 received during 2006/07, making a total workload of 602; 114 of these are being carried over into 2007/08.

The OISC made a decision on 66% of applications for continued registration within three months of such applications being received, which is 9% below the target of 75%. A decision was made on 85% of applications for continued registration within six months of receipt, being 10% below target.

A major factor contributing to the missing of these targets was the competence assessment programme concluded at the end of the year. No application for continued registration was approved without the advisers concerned first satisfying the Commissioner of their competence.

That programme's second year focused on Level 2 and 3 assessments. These are open book essay examinations in contrast to the electronically marked Level 1 multiple-choice tests. Marking the former has inevitably lengthened the process. Furthermore, where sufficient competence was not demonstrated, action taken either to increase the adviser's competence or to support the Commissioner's decision to reduce the adviser's level delayed decisions.

With the completion of the competence assessment programme, in future, only those organisations applying for an increased level of authority will need to sit assessments. This will inevitably impact on the speed with which the OISC can process continued registration applications.

- **Feedback on competence assessments**

As mentioned, the OISC has now completed its programme of competence assessment of all of its advisers. During the year, the OISC introduced automatic feedback for those advisers taking the Level 1 assessment. Level 2 and 3 advisers were tested by way of problem-based written tests, and the 20-day feedback target was not always met in such cases.

- **Audits of Level 2 and 3 organisations**

The OISC met its target of auditing at least 33% of its Level 2 and 3 organisations during the year. While the target number of audits was 123, the OISC actually carried out 183 such audits, thus exceeding the target by 60.

### **KPIs that measure complaint processing**

At the start of 2006/07, the OISC had 137 complaints investigations outstanding. During the year, it investigated 191 complaints, making a total workload of 328. Of these, the OISC closed 236 complaints, leaving 92 complaints to be carried over into 2007/08.

The OISC failed by 3% to meet its target to close 65% of written complaints about OISC advisers within six months of receipt.

It is not yet possible to conclude whether the OISC will meet its target of closing 90% of written complaints about OISC advisers within 12 months of the complaints having been received. Meeting this particular KPI was always going to be challenging given the additional demands of the competence assessment

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programme. The OISC has again concentrated on processing the older complaints, and the number of complaints that are over six months old has reduced from 58 at the start of the year to 16 at the year end.

The OISC has been examining how it investigates complaints and has carried out research on complainants' views on our complaint handling process. Changes that we are making to those processes over the next year should assist us in meeting this KPI in future.

**KPIs that measure the number of Commissioner decisions that remain standing following an appeal being lodged with IMSET and the number of charges successfully brought by the OISC to IMSET**

During 2006/07, 68 appealable Commissioner decisions were made which resulted in advisers lodging 14 appeals with IMSET. Eleven of those appeals were either withdrawn by the appellant, dismissed by the tribunal or invalid. Three appeals are ongoing. No appeals were successful. The OISC exceeded this target by 30%.

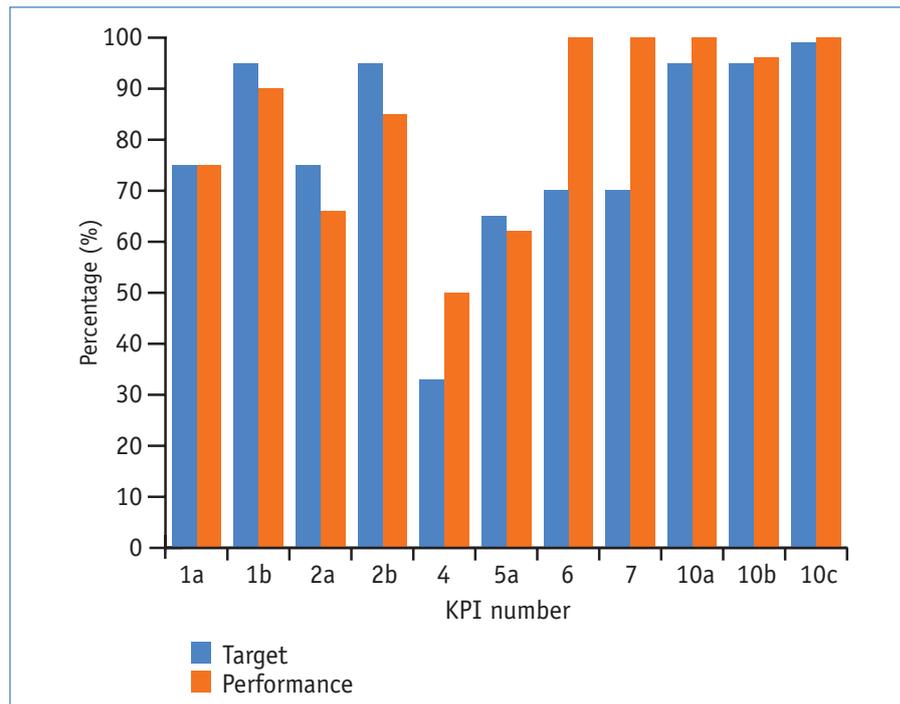
The OISC brought two charges before IMSET in 2006/07 which IMSET found proved.

**2. Those KPIs that measure how well the OISC has controlled illegal immigration advice and service activities**

During 2006/07, the OISC exceeded the targets set for both KPIs 8 and 9 by identifying 601 unregulated organisations and resolving the status of 420 organisations.

**3. Those KPIs that measure how long it takes the OISC to internally process activities**

The OISC acknowledged every application and complaint received within the five-day target. The OISC met the target of paying 95% of undisputed invoices within 30 days but missed the target of paying 100% of undisputed invoices within 60 days by 1%.

**Figure 3: 2006/07 KPIs – Performance against targets\***

\*Data for KPI 3 has not been included, as the competence assessment programme for currently regulated advisers has been completed. Data for KPI 5b is not yet available. KPIs 8 and 9 are not measured in percentages so are not included above. The OISC exceeded the targets by identifying 601 unregulated organisations and resolving the status of 420 organisations.

## Key performance indicators for 2007/08

The 2007/08 indicators are essentially the same as those for 2006/07, with a few adjustments.

Two of the 2006/07 KPIs have been deleted – KPI 3, written feedback given on competence assessments, and KPI 7, charges successfully upheld by IMSET.

KPI 3 has been removed as the programme of competence assessment testing has finished. From now on, generally only advisers entering the OISC regulatory scheme for the first time or those wishing to move up a level will be required to take a competence test. Testing is part of the application process for Level 1, and is thus covered in any event by KPI 2. In addition, all advisers taking Level 1 assessments will receive automated feedback.

KPI 7 has been removed because currently the OISC brings very few charges, and if brought these can be included under the more general KPI 6.

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In addition, a number of changes have been made to some of the other KPIs. In particular, the respective 400/600 targets of KPIs 8 and 9 have been changed to 400/200. This has been done because we wanted to concentrate our resources specifically on the potentially illegal sector.

There have also been some slight changes to KPI 1. The target of making a decision about 95% of continued registrations within six months has been reduced by 5% to 90%. Finally, KPI 5's target for written complaints about the OISC being closed within six months of receipt has been increased from 65% to 70%. The expectation is that the latter's target will further rise to 75% in 2008/09.

The 2007/08 KPI targets are as follows:

- 1a) Decide 75% of new applications within five months of receipt.
- 1b) Decide 95% of new applications within eight months of receipt.
- 2a) Decide 75% of applications for continued registration within three months of receipt.
- 2b) Decide 90% of applications for continued registration within six months of receipt.
- 3) At least 33% of the total of Level 2 and 3 organisations as exist at 31 March 2007 to have been audited by 31 March 2008.
- 4) 70% of written complaints about OISC advisers to be closed within six months of receipt.
- 5) 90% of written complaints about OISC advisers to be closed within 12 months of receipt.
- 6) 70% of Commissioner decisions to stand following an appeal being lodged with IMSET.
- 7) 400 unregulated organisations identified.
- 8) The status of 200 unregulated organisations to be resolved.
- 9) Internal response targets:
  - a) 95% of applications and written complaints made to the OISC about immigration adviser services to be acknowledged within five working days;
  - b) 95% of undisputed invoices paid within 30 working days; and
  - c) 100% of undisputed invoices paid within 60 working days.

## Chapter 5: Working with others

Part of the OISC's high-level strategy is to work with others. Engaging those with an interest in the sector helps the OISC to fulfil its role and promote understanding of its work. In 2006/07, the OISC built on the good work it has done in previous years, and this chapter provides a flavour of just some of the activities the OISC has undertaken. It also gives details of some of the stakeholders the OISC has engaged with over the past 12 months.

### Meetings and speaking engagements

The Commissioner and others have spoken to a number of organisations over the course of the year such as the Department for Communities and Local Government's Communities Consultative Committee. This group gives an ecumenical perspective on many of the social issues happening in the UK today.

The Commissioner was delighted to be invited to be a keynote speaker at Scottish Refugee Council's annual conference in January 2007. In addition, the Commissioner also had the opportunity to meet with the Inter-Agency Partnership Steering Group, which is composed of chief executives of some of the leading UK charities working in the immigration field, including Migrant Helpline, Refugee Action and the Refugee Arrivals Project among others. The Commissioner also spoke at other conferences including those of the Asylum and Immigration Tribunal (AIT), the Royal College of Nursing Scotland and IMSET.

The Commissioner also met with leading politicians and civil servants during 2006/07 including Liam Byrne MP, Home Office Minister for Immigration, and Lin Homer, Director General of the BIA. She also met with Linda Costelloe-Baker, Monitor for Overseas Visas, and senior AIT judges, including Deputy President Elizabeth Arfon-Jones and Senior Judge Francis Pinkerton.

The Commissioner visited the Haslar Removal Centre in Hampshire and the Dungavel Removal Centre in Lanarkshire, Scotland, in order to better understand the issues faced by both staff and detainees at those centres.

### Community liaison

Through a programme of talks, conference attendance and application support seminars, the OISC's Community Liaison function covers hundreds of miles in the UK each year, seeking out first-hand those who wish to engage with its work.

Some of the meetings undertaken since the OISC began operating have led to more formal gatherings on a regular basis as their value has become recognised. One of these is the Voluntary Sector Stakeholder Forum, which the OISC hosts three times a year. The forum, which is made up of leading voluntary

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## During 2006/07, the OISC expanded its network of training centres

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organisations, is a valuable sounding board of key stakeholders who comment on the OISC's work, and in doing so help us drive our strategy of engaging with others.

In addition, during 2006/07 the Community Liaison Officer undertook 12 speaking engagements, attended four conferences and held 22 meetings with key stakeholders, including local Citizens Advice Bureaux and refugee groups across the UK. One of the outcomes of these events is the relationship that the OISC struck up with the respective Refugee Councils. In England the OISC, Refugee Council, Asylum Support Appeals Project and Advice UK worked to organise joint events and to promote understanding of the immigration advice sector and how to give quality advice.

Scotland is seeing a marked increase in the number of people seeking asylum or with refugee status. Through our formal partnership with Scottish Refugee Council, we have been able to link up with bodies such as the Scottish Detainees Visitors Association and a host of Scottish community organisations in Scotland. We have also been able to meet with the National Asylum Support Service in Scotland.

### Consultations

It is important that the OISC makes its views known on relevant issues and, as previously, we have responded to a number of consultations as listed in Annex B.

### External training

During 2006/07, the OISC ran 87 courses for advisers working in Exempted organisations. The course subjects varied from 'Visiting and studying in the UK' at Level 1 to courses on 'Presenting immigration appeals' directed at Level 3 advisers.

As well as the usual training centres of Manchester, Birmingham and London, the OISC expanded its network to include Bradford, Newcastle and Peterborough. In Scotland, Scottish Refugee Council became the main provider of training for Exempted organisations, and 18 agencies attended the OISC-supported training courses offered in Scotland from as far afield as Ross and Cromarty and Lothian and Borders. Different sectors, such as local authorities, higher education colleges, Citizens Advice Bureaux and refugee groups, were represented on the courses. Scottish Refugee Council also hosted a registration seminar for agencies which allowed us to discuss the implications of giving immigration advice and encourage other agencies to enter our scheme.

## In the past year, the OISC has distributed almost 100,000 publications

### Raising awareness

The OISC undertakes a number of activities to help raise awareness among those in need of its services. Media relations, particularly around prosecutions, form part of this background, as does the distribution of promotional and marketing materials.

In the past year, the OISC has distributed almost 100,000 publications to advisers, members of the public and other audiences. A full list of the OISC's publications can be found in Annex A. All of the materials listed are available for download from our website at [www.oisc.gov.uk](http://www.oisc.gov.uk). Many are available in a number of different languages.

**Table 15: OISC publications distribution (hard copies)**

Document	2005/06	2006/07
How to find an adviser (26 languages)	25,300	22,122
General information about the OISC (26 languages)	24,130	20,134
OISC Complaints Scheme complaints form (26 languages)	29,386	30,835
Legal advice for people who are detained by the immigration services (16 languages)	18,153	15,722
Miscellaneous documents such as information packs, posters, Annual Reports, Commissioner's Code of Standards, Guidance on Competence and Complaints Scheme	8,652	5,945
<b>Total</b>	<b>105,621</b>	<b>94,758</b>

The website had 384,228 visitors in 2006/07 and remains a key resource for all audiences.

### Enquiries

An often overlooked but nonetheless essential part of the OISC's engagement work is the service provided by the Office's front desk team. Each year, thousands of calls are taken and requests for information mailed to individuals and organisations. In 2006/07, we received 16,494 telephone, voicemail and email enquiries about our work.



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### Understanding the sector

During 2006/07, the OISC brought together data it had collected since its inception in order to compile a picture of the regulated sector. That research has both showed how the sector has evolved and given an insight into future changes. This information will assist the OISC in targeting its communications activities, in facilitating training and in providing a better service to advisers, the immigration sector and the general public.

## Chapter 6: Governance

The Immigration Services Commissioner is a Corporation Sole and is accountable for all actions undertaken in her name by the OISC. She is the Office's Accounting Officer and Consolidation Officer. She is personally responsible for safeguarding the public funds for which she has charge, for ensuring propriety and regularity in the handling of those funds and for the day-to-day operations and management of the OISC. The Commissioner is answerable to the Home Secretary for the Office's activities and performance, and is accountable to Parliament through the Secretary of State. The relationship between the Home Office and the OISC is conducted in accordance with the joint Financial Statement and Management Memorandum. This requires, inter alia, that the Commissioner must take note of any directions given by, or on behalf of, the Home Secretary and of any guidance issued by the Home Office.

The OISC's main decision forum is its monthly strategic management meetings that are attended by the Commissioners and members of the Office's Senior Management Team. These meetings are used to consider significant strategic and operational matters, to monitor OISC's activities and to make sure consequential decisions are taken.

### **The OISC's Audit Committee**

Supporting the Commissioner in delivery of her responsibilities as to issues of risk, control and governance is the OISC's Audit Committee. Its main aims are to ensure the proper stewardship of the OISC's resources and assets, to oversee financial reporting and to monitor the effectiveness of audit arrangements (internal and external), internal controls and the management of risk throughout the organisation. It accordingly makes recommendations to the Commissioner.

The Audit Committee's terms of reference were revised in December 2005. This changed the Committee's membership to three independent members, who took up their appointments in August 2006.

## Chapter 7: Remuneration report

Part V of the Immigration and Asylum Act 1999 (the Act), as amended, created the role of the Immigration Services Commissioner and the Office of the Immigration Services Commissioner, an independent, UK-wide, Non-Departmental Public Body (NDPB). The Commissioner heads the OISC, and she and the Deputy Commissioner are ministerial appointments. Suzanne McCarthy assumed her appointment on 5 September 2005. Her appointment is for the statutory five-year period, ending in September 2010. Linda Allan was reappointed on 5 June 2005 for the statutory five-year period ending in June 2010.

### Remuneration (audited information)

The salary, pension entitlements and the value of any taxable benefits in kind of the most senior members of the OISC during 2006/07 were as follows:

	Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7
	Salary, including performance pay (£k)	Benefits in kind (rounded to nearest £100)	Real increase in pension and related lump sum at age 60 (£k)	Total accrued pension at age 60 at 31/03/07 and related lump sum (£k)	Cash equivalent transfer value (CETV) at 31/03/06 or start date (nearest £k)	CETV at 31/03/07 or leaving date (nearest £k)	Real increase in CETV after adjustment for inflation and changes in market factors (nearest £k)
Suzanne McCarthy	107	0	0 – 2.5 plus 0 – 2.5	50 – 55 plus 0 – 2.5	1,017	1,108	31
Linda Allan	74	0	0 – 2.5 plus 0 – 2.5	30 – 35 plus 0 – 2.5	499	533	17

### Salary

Salary includes gross salary; performance pay or bonuses; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances; and any other allowances to the extent that they are subject to UK taxation.

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## Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue and Customs as a taxable emolument.

## Pension

Pension benefits are provided through the Principal Civil Service Pension Scheme. From 1 October 2002, civil servants may be in one of three statutory-based 'final salary' defined benefit schemes (classic, premium and classic plus). The schemes are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium and classic plus are increased annually in line with changes in the Retail Prices Index (RPI). New entrants after 1 October 2002 may choose between membership of premium or joining a good quality 'money purchase' stakeholder arrangement with a significant employer contribution (partnership pension account).

Employee contributions are set at the rate of 1.5% of pensionable earnings for classic and 3.5% for premium and classic plus. Benefits in classic accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic there is no automatic lump sum, but members may give up (commute) some of their pension to provide a lump sum. Classic plus is essentially a variation of premium, but with benefits in respect of service before 1 October 2002 calculated broadly as per classic.

The pension scheme is an unfunded, multi-employer defined benefit scheme for which the OISC is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out as at 31 March 2003. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation ([www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)).

For 2006/07, employers' contributions of £426,040 (2005/06: £372,010) were payable to the pension scheme at one of four rates in the range of 16.2% to 24.6% per cent of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Columns 5 and 6 of the remuneration table show the member's cash equivalent transfer value (CETV) accrued at the beginning and the end of the reporting period. Column 7 reflects the increase in CETV effectively funded by the employer.

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It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

A CETV is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures, and from 2003/04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the pension scheme arrangements and for which the CS Vote has received a transfer payment commensurate to the additional pension liabilities being assumed. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

## Annex A: OISC publications

### General information

- General Information about the OISC (26 languages)
- How to Find an Adviser (26 languages)
- OISC News (quarterly external newsletter)

### Materials relating to the application process

- Continued Registration Application Form
- Exemption Application Form
- Exemption Application Notes
- Registration Application Form
- Registration Application Notes
- Support and Training for OISC Regulation

### Guidance notes for regulated advisers

- Cover in the Absence of an Adviser
- Meeting Clients' Needs and Client Care
- Premises
- Resolution of Complaints
- Signposting and Referrals
- Supervision
- Complaint Handling under the Revised Code and Rules

### Practice notes for regulated advisers

- Bail
- Fees and Accounts
- Licensed Access

### Materials relating to the regulatory scheme

- Advertising Immigration Advice
- The Code of Standards and the Commissioner's Rules
- Guidance on Competence

### Materials relating to the complaints scheme

- The Complaints Scheme
- Immigration Services Commissioner's Complaints Scheme – Complaints Form (26 languages)

All publications are available to order from the OISC website at: [www.oisc.gov.uk](http://www.oisc.gov.uk)

## Annex B: Responses made to external consultations in 2006/07

1. Point Based System: Tier 4 Consultation  
Issued by: Home Office  
Responded: April 2006
2. Tackling Human Trafficking  
Issued by: Home Office  
Responded: May 2006
3. Principles of Good Complaint Handling  
Issued by: British and Irish Ombudsman Association  
Responded: July 2006
4. Strategic Review of Complaints and Disciplinary Processes – issues and questions paper  
Issued by: Bar Council  
Responded: October 2006
5. The Tools to Deliver Better Regulation – Revising the Regulatory Impact Assessment  
Issued by: Better Regulation Executive  
Responded: October 2006
6. Deferral of Call to the Bar  
Issued by: Bar Council  
Responded: October 2006
7. Draft Principles of Good Administration  
Issued by: Parliamentary and Health Service Ombudsman  
Responded: January 2007
8. Immigration Removal Centre – Expectations Redraft  
Issued by: HM Chief Inspector of Prisons  
Responded: January 2007
9. Entertaining of Solicitors and Others by the Bar – Gifts to Solicitors  
Issued by: Standards Committee of the Bar Standards Board  
Responded: February 2007

All consultation responses are available on the OISC website at: [www.oisc.gov.uk](http://www.oisc.gov.uk)

## Annex C: Glossary

<b>AIT</b>	<b>Asylum and Immigration Tribunal</b> Appeals against BIA decisions are considered by the AIT, which was formerly known as the Immigration and Asylum Tribunal
<b>ARIA</b>	<b>Association of Regulated Immigration Advisers</b> ARIA is a trade body whose membership is open to OISC advisers
<b>BIA</b>	<b>Border and Immigration Agency</b> The BIA is that part of the Home Office that deals with immigration, asylum, nationality and citizenship issues. The BIA was formerly known as the Immigration and Nationality Directorate
<b>DPB</b>	<b>Designated Professional Body</b> The DPBs are organisations whose regulation of their members' provision of immigration advice and services the OISC has a duty to report on. They are: <ul style="list-style-type: none"> <li>• the Law Society of England and Wales;</li> <li>• the Law Society of Scotland;</li> <li>• the Law Society of Northern Ireland;</li> <li>• the Institute of Legal Executives;</li> <li>• the General Council of the Bar of England and Wales;</li> <li>• the General Council of the Bar of Northern Ireland; and</li> <li>• the Faculty of Advocates.</li> </ul>
<b>Exempt organisations</b>	Organisations classified as 'Exempt' by the OISC generally operate in the voluntary or community sector. They do not charge the client for the services they provide. These bodies are referred to as 'Exempt' only because they do not have to pay the OISC's registration fee
<b>Home Office</b>	The Home Office is the UK government department with responsibility for immigration and nationality matters
<b>ILPA</b>	<b>Immigration Law Practitioners' Association</b> ILPA is a trade body whose membership is open to OISC advisers
<b>IMSET</b>	<b>Immigration Services Tribunal</b> Decisions made by the Immigration Services Commissioner to refuse or vary registration or withdraw exemption, or to lay a disciplinary charge, carry a right of appeal to IMSET

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<b>IND</b>	<b>Immigration and Nationality Directorate</b> IND is the former title of that part of the Home Office that deals with immigration, asylum, nationality and citizenship issues (see BIA)
<b>Registered organisations</b>	Organisations termed 'Registered' are those mainly operating in the private sector. They charge for their advice or services either through a straightforward fee or via charges made as part of a larger package. This would include, for example, a private college that offers advice as part of their student services. If voluntary and community sector organisations – including charities and local authorities – charge for their services to cover their costs, they are also included in this group. Some Registered organisations may hold Legal Services Commission contracts enabling them to provide free advice to some clients while charging others
<b>UK Visas</b>	UK Visas is a joint Home Office and Foreign and Commonwealth Office unit that runs the UK's visa service through British diplomatic posts overseas
<b>WP (UK)</b>	<b>Work Permits (UK)</b> WP (UK) is part of BIA and administers work permits and other immigration employment matters



# Statement of Accounts 2006/07

## Foreword

This Statement of Accounts reports the results of the Office of the Immigration Services Commissioner (OISC) for the period 1 April 2006 to 31 March 2007. It has been prepared in accordance with the Accounts Direction given by the Secretary of State for the Home Department with the consent of Treasury in accordance with Schedule 5 paragraph 20 (1 and 2) of the Immigration and Asylum Act 1999 (the Act).

### 1. History

The OISC was established on 22 May 2000 as a body corporate by authority of the Act.

The Act established the OISC as an independent body remitted to promote good practice by those who provide immigration advice or immigration services and to ensure that those who do so are fit and competent. It is also to operate a complaints scheme regarding all who provide immigration advice or services.

The OISC has the status of an executive Non-Departmental Public Body established by statute. It is financed by Grant in Aid from the Home Office (Request for Resources 1). The Secretary of State for the Home Department is answerable to Parliament for the OISC and is responsible for making financial provision to meet its needs. The Commissioner is a corporation sole.

The Act provides that the OISC shall have a Commissioner and Deputy Commissioner appointed by the Secretary of State for the Home Department.

The OISC occupies offices at Counting House, 53 Tooley Street, London SE1 2QN.

### 2. Principal activities

The OISC carries out the statutory functions set out in the Act, namely to:

- promote good practice by those who provide immigration advice or immigration services;
- decide if it needs to make or alter rules regulating any aspect of the professional practice, conduct or discipline of:
  - (a) Registered persons; and
  - (b) those employed by, or working under, the supervision of Registered persons in connection with the provision of immigration advice or immigration services;
- register qualified persons under section 84(2) of the Act;

- prepare and maintain a register of qualified persons registered under the Act, which must be available for inspection during reasonable hours and copies of the register must be provided on payment of a reasonable fee;
- prepare and issue a code setting standards of conduct, which those to whom the code applies are expected to meet;
- exempt, under section 84(4)(a) of the Act, persons providing immigration advice and services from the requirement to register;
- keep a record of persons to whom a certificate of exemption has been issued under section 84(4)(a) of the Act;
- establish a scheme for the investigation of relevant complaints made to the OISC in accordance with the provisions of the scheme;
- determine complaints under the complaints scheme and give a decision in writing; and
- investigate all allegations of criminal behaviour involving the unlawful provision of immigration advice or services, or the advertising of such, and where necessary prosecute offenders through the criminal courts.

In carrying out these functions the OISC seeks to ensure that customers are dealt with effectively and expeditiously and that its services are delivered in ways appropriate to its stakeholders' needs. The OISC also seeks to promote public understanding of its role and to bring its existence and purpose to the attention of those seeking or providing immigration advice and services.

### 3. Commissioner and Deputy Commissioner

The Home Secretary under the Act appointed Suzanne McCarthy as the Immigration Services Commissioner for a period of five years from 5 September 2005. The Home Secretary also under the Act reappointed Linda Allan as Deputy Immigration Services Commissioner for a period of five years from 5 June 2005.

During the year 2006/07, neither the Commissioner nor the Deputy Commissioner held company directorships or other significant interests that could have posed a conflict with their management responsibilities at the OISC.

In addition to holding the post of Immigration Services Commissioner, during the year Suzanne McCarthy held the following public appointments:

- Board Member, Royal Brompton and Harefield NHS Trust; and
- Member, Public Guardian Board.

### 4. Corporate governance

This Statement of Accounts includes on pages 62 to 64 a statement on the system of internal control.

The operating and financial systems have been developed to respond to, and satisfy the needs of, the OISC and to safeguard the OISC's assets against unauthorised use or disposition.

The assurance obtained from the systems and adherence to them is of particular importance to the OISC because of the small size of its finance unit.

The OISC appointed the Home Office Audit and Assurance Unit to provide internal audit services from 1 April 2001.

During 2006/07, £8,900 (2005/06: £6,351) was paid to the Audit and Assurance Unit in respect of audit services and further assurance services whereby the Unit provided guidance and validation regarding the work of the OISC.

Arrangements for external audit are provided under Schedule 5 paragraph 20 of the Act, which requires the Comptroller and Auditor General to examine, certify and report on the Statement of Accounts and to lay copies of it before each House of Parliament. The fee for this service during 2006/07 was £17,000 (2005/06: £16,200). There were no fees paid in respect of non-audit work during 2006/07 (2005/06: £411).

An Audit Committee was set up in November 2001 and was chaired by the Commissioner until the appointment of Tim Cole, a non-executive member, as Chairman in March 2003. The Audit Committee adopted revised terms of reference in December 2005. The current members of the Audit Committee and their terms of appointment are:

- Tim Cole (Chairman) – three years from 1 August 2006;
- Terry Price – three years from 1 August 2006; and
- John King – two years from 1 August 2006.

Faruk Desai completed his term of office as a member of the Audit Committee in July 2006.

The Senior Management Team reviews the financial accounts on a monthly basis. Defined expenditure authorisation limits are in place and the Senior Management Team compares actual costs with approved budgets on a monthly basis.

The Senior Management Team, chaired by the Commissioner, meets monthly to review and decide upon the OISC's policy and management and to monitor major strategy, budgetary and operational issues and activities. The corporate risk register, which was substantially revised during 2006/07, is owned by this group and reviewed quarterly.

## 5. Results for the period

The financial resource allocated to the OISC has been used efficiently to meet the year's business plan targets. In achieving this, the OISC has operated within the limits set out in the Financial Memorandum and has not overspent the budget.

In accordance with Schedule 5 paragraph 20 of the Act, the OISC's financial statements cover the period 1 April 2006 to 31 March 2007 and are prepared on an accruals basis in accordance with the Accounts Direction issued to the Commissioner by the Secretary of State for the Home Department with the consent of Treasury.

The accounts for the year 1 April 2006 to 31 March 2007 are set out on pages 68 to 71. The notes on pages 72 to 82 form part of the accounts.

The OISC received £4,312,907 in Grant in Aid for the year ended 31 March 2007.

## 6. Research and development

No research and development was undertaken in the year ended 31 March 2007.

## 7. Charitable donations

No charitable donations were made in the year ended 31 March 2007.

## 8. Changes in fixed assets

The OISC purchased additional IT equipment with a value of £19,430 and additional office equipment with a value of £1,276 during the year.

## 9. Post-balance sheet events

There were no post-balance sheet events.

## 10. Compliance with public sector payment policy

The OISC policy, in line with the Better Payment Practice Code, is to pay all invoices within 30 days of receipt, unless a longer payment period has been agreed or the amount billed is in dispute. In the year ended 31 March 2007, 98% (2005/06: 97%) of invoices, totalling £1,707,964 (2005/06: £1,932,024), were paid within 30 days of receipt. The payment delays were due to disputes with suppliers regarding overcharging for goods and services.

In November 1998, the Late Payment of Commercial Debts (Interest) Act came into force. This provided small businesses with a statutory right to claim interest from large businesses (and all public sector bodies) on payments that were more than 30 days overdue. Amended legislation (the Late Payment of Commercial Debts Regulations 2002) came into force on 7 August 2002, providing all businesses, irrespective of size, with the right to claim statutory interest for the late payment of commercial debts. No such claims were received during the year.

### **11. Environmental policy**

The OISC seeks to minimise the impact of its activities on the environment. It has adopted the Home Office Environmental Policy in as far as it applies to the OISC. The OISC benefits from energy-saving lighting in its office premises and seeks to use recycled materials where such alternatives are available and provide value for money. It is seeking to reduce the use of paper by maximising the use of the intranet and website for the dissemination of information. The OISC also sorts its waste paper and other waste for recycling purposes.

### **12. Employment policies**

The employment policies adopted by the OISC seek to create an environment in which all employees can give their best and can contribute to the OISC's and their own success.

### **13. Equal opportunities**

The OISC is committed to achieving equality of opportunity for all existing and potential employees.

### **14. Staff involvement and development**

The OISC is committed to keeping its staff informed of performance, development and progress. The OISC encourages staff involvement in its development. Throughout the period, staff training has been a priority.

The OISC recognised the Public and Commercial Services Union in June 2003. The OISC also consults with staff who are not in the union.

### **15. Employees with disabilities**

The OISC gives full and fair consideration to applications for employment from people with disabilities, having regard to the nature of their employment. Similarly, the OISC seeks to enable members of staff who may have become disabled to continue their employment.

### **16. Future developments**

The OISC will continue to concentrate on delivery of its principal activities in order to ensure that those who provide immigration advice and services are fit and competent to do so and to drive out unregulated activity. The OISC intends to maintain and build on the respect and recognition it has achieved with regards to both the contribution it makes to the sector and the experience it has gained since it began operating. The OISC will work to remain an effective regulator both by ensuring that advisers give a good quality service to their clients and by providing a good service to regulated advisers and to others in the sector, as appropriate.

## 17. Disclosure of relevant audit information

As Accounting Officer I confirm that:

- there is no relevant audit information of which the auditors to the OISC are unaware;
- I have taken all the steps I ought to ensure that the said auditors are aware of relevant audit information; and
- I have taken all the steps I ought to establish that the said auditors are aware of such information.



Suzanne McCarthy  
Immigration Services Commissioner and Accounting Officer  
25 June 2007

## Statement of Accounting Officer's responsibilities

Under the Immigration and Asylum Act 1999, the Secretary of State has directed the Immigration Services Commissioner to prepare for each financial year a Statement of Accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the OISC and of its income and expenditure, total recognised gains and losses and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the *Government Financial Reporting Manual* and in particular to:

- observe the Accounts Direction issued by the Secretary of State, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the *Government Financial Reporting Manual* have been followed, and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on a going concern basis.

The Accounting Officer of the Home Office has designated the Immigration Services Commissioner as the Accounting Officer of the OISC. The responsibilities of an accounting officer, including responsibility for the propriety and regularity of the public finances for which the accounting officer is answerable, for keeping proper records and for safeguarding the OISC's assets, are set out in the Accounting Officers' Memorandum issued by Her Majesty's Treasury and published in *Government Accounting*.

## Statement on internal control

### Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the OISC, its policies, aims and objectives, while safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in *Government Accounting*.

The OISC is an executive, Non-Departmental Public Body of the Home Office. I am accountable to the Secretary of State through the Home Office Sponsor Unit, which is responsible for advising the Home Secretary on the OISC's objectives and targets in support of the Commissioner's statutory responsibilities as a regulator.

### The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the OISC's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the OISC for the year ended 31 March 2007 and up to the date of approval of the Annual Report and Accounts, and accords with Treasury guidance.

During 2006/07, further efforts have been made to reduce the number of cheques issued by the OISC in order to reduce the risk of theft and misappropriation. Creditors are now regularly paid by inter-bank transfers.

### Capacity to handle risk

Under the OISC's risk management arrangements, senior members of staff are responsible for the management of key risks that could affect the achievement of the OISC's aims and objectives, in particular the achievement of corporate/business plan targets. These arrangements are discussed and documented in our annual corporate governance document. The OISC has provided guidance to managers and staff on managing risk, and further guidance is provided, as appropriate, in response to new risks.

### The risk and control framework

As a corporation sole and Accounting Officer, I have the right to make all decisions regarding the running of the OISC personally. While the organisation does not have a management board that includes non-executive members, the

OISC's Senior Management Team acts in this capacity, meeting monthly under my chairmanship to discuss and monitor major strategy, budgetary and operational issues and activities and to make recommendations.

Risks that could affect the achievement of the OISC's objectives are identified and key risks are actively managed. The Senior Management Team reviews the corporate/business plan and associated measures and risks on a regular basis.

The OISC's current register of risk covers:

- accommodation and the workplace;
- finance;
- government relationships;
- operational systems;
- performance and working practices;
- the regulatory system;
- reputation; and
- staffing.

The OISC's Audit Committee and Senior Management Team both reviewed the key corporate risks regularly during 2006/07.

### Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the senior managers within the OISC who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Audit Committee and received assurance from the Home Office Audit and Assurance Unit (AAU) that the OISC's system of internal control is sound and for the most part operating effectively.

The effectiveness of the system of internal control was maintained and reviewed through:

- the Commissioner's Senior Management Team, which met under my chairmanship on a monthly basis to consider both strategic and operational issues. The Senior Management Team consists of the Deputy Commissioner, the Director of Operations and the Heads of the Communications and Stakeholder Engagement, Finance, Human Resources, Information Technology and Policy Teams;
- the OISC's Audit Committee. During 2006/07 the Audit Committee's membership consisted of three non-executive members, one of whom was the

Committee's chairman. I also attended the Audit Committee meetings, together with the Deputy Commissioner, the Head of Finance and representatives from the National Audit Office and the Home Office AAU;

- risk management arrangements, as described above, under which key risks that could affect the achievement of the OISC's objectives have been managed actively, with progress being reported to both senior management and the OISC's Audit Committee; and
- regular reports by the Home Office's AAU complying with the Government Internal Audit Standards, which include an independent opinion on the adequacy and effectiveness of the OISC's internal controls, together with recommendations for improvement where necessary.

The OISC has appointed the Home Office's AAU as its internal auditors. They comply with the Government Internal Audit Standards. The work of the AAU is informed by the analysis of the risk to which the body is exposed, and the internal audit plans are endorsed by the OISC's Audit Committee and approved by me. Each year the AAU provides me with a report on its internal audit activity in the OISC. The report includes the AAU's independent opinion on the adequacy and effectiveness of the OISC's system of internal control, together with recommendations for improvement. In their 2006/07 report, the AAU stated that the OISC's system of internal control is sound and for the most part operating effectively, and that the processes for addressing and managing risks to the objectives are effective and adequately controlled.

The OISC continues to keep its arrangements under review in response to external developments, including changes in the business environment.

For 2006/07, I am able to report that there were no material weaknesses in the OISC's system of internal control that affected the achievement of the OISC's aims and objectives.



Suzanne McCarthy  
Immigration Services Commissioner and Accounting Officer  
25 June 2007

## The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

I certify that I have audited the financial statements of the Office of the Immigration Services Commissioner for the year ended 31 March 2007 under the Immigration and Asylum Act 1999. These comprise the income and expenditure account, the balance sheet, the cash flow statement and statement of recognised gains and losses and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the remuneration report that is described in that report as having been audited.

### Respective responsibilities of the Immigration Services Commissioner/Accounting Officer and auditor

The Immigration Services Commissioner as Accounting Officer is responsible for preparing the Annual Report, the remuneration report and the financial statements in accordance with the Immigration and Asylum Act 1999 and the Secretary of State's directions made thereunder and for ensuring the regularity of financial transactions. These responsibilities are set out in the statement of Accounting Officer's responsibilities.

My responsibility is to audit the financial statements and the part of the remuneration report to be audited in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the remuneration report to be audited have been properly prepared in accordance with the Immigration and Asylum Act 1999 and the Secretary of State's directions made thereunder. I report to you whether, in my opinion, certain information given in the Annual Report, which comprises the Commissioner's statement, the management commentary, the statistical and key performance indicators reports, the governance statement, the Commissioner's report on regulation by Designated Professional Bodies of their members and the unaudited part of the remuneration report, is consistent with the financial statements. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

In addition, I report to you if the Office of the Immigration Services Commissioner has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by HM Treasury regarding remuneration and other transactions is not disclosed.

I review whether the statement on internal control reflects the Office of the Immigration Services Commissioner's compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or form an opinion on the effectiveness of the Office of the Immigration Services Commissioner's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

### **Basis of audit opinion**

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the remuneration report to be audited. It also includes an assessment of the significant estimates and judgements made by the Immigration Services Commissioner and Accounting Officer in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Office of the Immigration Services Commissioner's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the remuneration report to be audited are free from material misstatement, whether caused by fraud or error, and that in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the remuneration report to be audited.

### **Audit opinion**

In my opinion:

- the financial statements give a true and fair view, in accordance with the Immigration and Asylum Act 1999 and directions made thereunder by the Secretary of State, of the state of the Office of the Immigration Services Commissioner's affairs as at 31 March 2007 and of its net expenditure for the year then ended;

- the financial statements and the part of the remuneration report to be audited have been properly prepared in accordance with the Immigration and Asylum Act 1999 and the Secretary of State's directions made thereunder; and
- information given within the Annual Report, which comprises the Commissioner's statement, the management commentary, the statistical and key performance indicators reports, the governance statement, the Commissioner's report on regulation by Designated Professional Bodies of their members and the unaudited part of the remuneration report, is consistent with the financial statements.

### **Audit opinion on regularity**

In my opinion, in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

### **Report**

I have no observations to make on these financial statements.

John Bourn  
Comptroller and Auditor General  
4 July 2007

National Audit Office  
157–197 Buckingham Palace Road  
Victoria  
London SW1W 9SP

## Income and expenditure account

For the year ended 31 March 2007

	Note	2006/07		2005/06 restated	
		£'000	£'000	£'000	£'000
<i>Expenditure</i>					
Employment costs	4	(2,803)		(2,548)	
Running costs	5	(1,436)		(1,351)	
Depreciation	6/7	(100)		(103)	
Loss on disposal of assets	6/7	-		(4)	
Revaluation	7	(3)		(3)	
Cost of capital		(14)		(1)	
<b>Total expenditure</b>			(4,356)		(4,010)
<i>Other income</i>					
Fee income	3	812		786	
Other income	3	9		8	
Interest receivable		24		11	
			845		805
<b>Net expenditure before appropriations</b>			<b>(3,511)</b>		<b>(3,205)</b>
Reversal cost of capital			14		1
<b>Net expenditure for the year before appropriations to the Home Office</b>			<b>(3,497)</b>		<b>(3,204)</b>
Appropriation due to the Home Office			(817)		(880)
<b>Net expenditure for the year after appropriations</b>	19		<b>(4,314)</b>		<b>(4,084)</b>

All operations are continuing

The notes on pages 72 to 82 form part of these accounts.

## Statement of recognised gains and losses

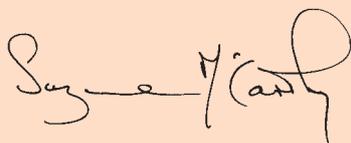
	Note	2006/07 £'000	2005/06 restated £'000
Net expenditure for the year before appropriations to the Home Office		(3,511)	(3,205)
Other net gains/(losses) recognised in reserves:			
Unrealised profit/(loss) on revaluation of assets	11	<u>3</u>	<u>1</u>
<b>Total recognised losses in the year</b>		<b><u>(3,508)</u></b>	<b><u>(3,204)</u></b>

The notes on pages 72 to 82 form part of these accounts.

## Balance sheet

As at 31 March 2007

	Note	2006/07		2005/06 restated	
		£'000	£'000	£'000	£'000
<i>Fixed assets</i>					
Intangible assets	6		19		26
Tangible assets	7		403		478
			<u>422</u>		<u>504</u>
<i>Current assets</i>					
Debtors	8	294		137	
Bank	10	291		565	
		<u>585</u>		<u>702</u>	
Creditors – amounts due within one year	9	<u>(375)</u>		<u>(534)</u>	
Net current assets/(liabilities)			<u>210</u>		<u>168</u>
Total assets less current liabilities			<u>632</u>		<u>672</u>
Creditors – amounts due after more than one year	9		<u>(212)</u>		<u>(251)</u>
			<u><b>420</b></u>		<u><b>421</b></u>
<i>Capital and reserves</i>					
General reserve	11		414		418
Revaluation reserve	11		6		3
			<u><b>420</b></u>		<u><b>421</b></u>



Suzanne McCarthy  
Immigration Services Commissioner and Accounting Officer  
25 June 2007

The notes on pages 72 to 82 form part of these accounts.

## Cash flow statement

For the year ended 31 March 2007

	Note	2006/07 £'000	2005/06 restated £'000
<b>Operating activities</b>			
Net cash outflow from operating activities	12	(4,594)	(3,835)
<b>Returns on investments and servicing of finance</b>			
Interest received		24	11
<b>Capital expenditure</b>			
Cash outflow to acquire fixed assets	7	(21)	(101)
Net cash inflow/(outflow) before financing		<u>(4,591)</u>	<u>(3,925)</u>
<b>Financing</b>			
Grant in Aid	11	4,313	4,304
Fee/other income received	3(a)(b)	821	794
Less amounts appropriated to Home Office		<u>(817)</u>	<u>(880)</u>
<b>(Decrease)/increase in cash</b>	10	<u><b>(274)</b></u>	<u><b>293</b></u>

The notes on pages 72 to 82 form part of these accounts.

## Notes to the accounts

### 1. Accounting policies

#### Basis of accounts

These financial statements have been prepared in accordance with the HM Treasury *Government Financial Reporting Manual* and applicable accounting standards. They are in a form as directed by the Secretary of State with the approval of HM Treasury. The following accounting policies have been consistently applied in dealing with items considered material in relation to the financial statements.

#### Accounting conventions

The accounts meet:

- the disclosure requirements of the Companies Act 1985 as amended to the extent that such requirements are appropriate to the OISC;
- accounting standards issued by the Accounting Standards Board;
- disclosure and accounting requirements of HM Treasury; and
- the requirements of the Accounts Direction and the Financial Memorandum issued to the OISC by the Secretary of State for the Home Department.

The accounts have been prepared under the historical cost convention modified to account for the revaluation of fixed assets at the value to the business by reference to their current costs.

#### Change of accounting policy

With effect from the 2006/07 reporting period, the *Government Financial Reporting Manual* requires Non-Departmental Public Bodies (NDPBs) to account for grants and Grants in Aid received for revenue purposes as financing because these are regarded as contributions from a controlling party which gives rise to a financial interest in the residual interest of NDPBs. This is a change in accounting policy from earlier periods when such items were regarded as income. The effect of this change on the certified 2005/06 accounts and the impact of the change on the results of the current year is shown opposite. Note that there is no impact on the net liability position of the OISC as a result of this change in policy.

	<b>At 31 March 2006 (as previously stated)</b>	<b>Impact of adopting the new policy</b>	<b>At 31 March 2006 (restated)</b>
	£'000	£'000	£'000
Net surplus/(expenditure) for 2005/06	229	(4,313)	(4,084)
General reserve	(83)	501	418
Deferred government grant reserve	501	(501)	–
Revaluation reserve	3	–	3
	<b>At 31 March 2007 (without applying the new policy)</b>	<b>Impact of adopting the new policy</b>	<b>At 31 March 2007 (applying the new policy)</b>
	£'000	£'000	£'000
Net expenditure for 2006/07	(1)	(4,313)	(4,314)
General reserve	(3)	417	414
Deferred government grant reserve	416	(417)	–
Revaluation reserve	6	–	6

### Grant in Aid

Grant in Aid and grant received used to finance activities and expenditure that support the statutory and other objectives of the OISC are treated as financing credited to the general reserve because they are regarded as contributions from a controlling party.

Grant relating to capital expenditure used to acquire specific capital items is credited to a government grant reserve. It is released to expenditure over the expected useful life of the asset it has been used to acquire and an equal amount transferred from the government grant reserve is released to income.

### Fixed assets

Assets are capitalised as fixed assets if they are intended for use on a continuous basis and their original purchase cost, on an individual or grouped basis, is £1,000 or more. Fixed assets are valued at current replacement cost by using the *Price Index Numbers for Current Cost Accounting*, published by the Office for National Statistics, except in their year of disposal and acquisition, when their current and historical costs are not materially different. Intangible assets are recorded at historic cost and are not revalued as no reasonable index exists for the OISC database.

### Depreciation

Depreciation is provided on all fixed assets on a straight-line basis to write off the cost or valuation evenly over the asset's anticipated life as follows:

Office refurbishments	over the remaining term of the lease
Computer equipment	four years
Furniture and office equipment	up to ten years
Database software	ten years

Software and systems development expenditure on IT systems, other than the database software, is written off in the period in which it is incurred. During the period to 31 March 2007, this amounted to £24,460 (2005/06: £115,252).

### Fee income

Fee receipts for registration and continued registration are recognised in the profit and loss account as and when fees are received.

The Commissioner is required to prepare an Annual Report for the Secretary of State on the extent to which each Designated Professional Body has provided effective regulation of its members in their provision of immigration advice or immigration services and to handle complaints on their behalf. The Commissioner is authorised to charge the Designated Professional Bodies for these services. The charge is set by statute in a Fee Order. The Fee Order is made after the end of the financial year in which the work was undertaken. Hence fee income from the Designated Professional Bodies is collected in the accounting year after the work has taken place.

### Notional charges

In accordance with the Treasury publication *Government Financial Reporting Manual*, a notional charge for the cost of capital employed in the period is included in the income and expenditure account, along with an equivalent reversing notional income to finance the charge.

The charge for the period is calculated using the Treasury's discount rate of 3.5% applied to the mean value of capital employed during the period.

### Operating leases

The OISC has an operating lease in respect of the premises it occupies in Tooley Street, London. The OISC's commitments are disclosed in Note 14. The rental agreement contained a rent-free period, the benefits of which are spread over the life of the lease and further details of which are disclosed in Note 9. There are no finance leases.

Payments made under operating leases on equipment are charged to expenditure on a straight-line basis.

### Pension costs

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme (CSP), which is a defined benefit scheme and is unfunded and non-contributory. The OISC recognises the expected cost of providing pensions on a systematic and rational basis over the period during which it benefits from employees' services by payment to the CSP of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the CSP. The rate of the employer's contribution is determined from time to time by the Government Actuary and advised by the Treasury. Contributions are charged to the income and expenditure account.

### Value Added Tax

The OISC is not eligible to register for VAT and all costs are shown inclusive of VAT.

## 2. Financial targets

The OISC has no formal agreed financial targets.

## 3. Income

### (a) Fee income

	2006/07	2005/06
	£'000	£'000
Adviser fees	647	634
Designated Professional Bodies	165	152
	<u>812</u>	<u>786</u>

### (b) Other income

	2006/07	2005/06
	£'000	£'000
Court costs	8	8
Other income	1	-
	<u>9</u>	<u>8</u>

The monies received from advisers and Designated Professional Bodies are passed on to the Home Office without deduction and are shown in the income and expenditure account as appropriations due to the Home Office.

#### 4. Employment costs

	<b>2006/07</b>	<b>2005/06</b>
	£'000	£'000
<b>Commissioners</b>		
Salaries and emoluments	180	146
Social security contributions	20	16
Pensions contributions	46	35
<b>Staff</b>		
Salaries and emoluments	1,950	1,827
Social security contributions	157	145
Pensions contributions	380	337
<b>Agency/contractor</b>	<u>70</u>	<u>42</u>
<b>Total employment costs</b>	<b><u>2,803</u></b>	<b><u>2,548</u></b>
Salaries and emoluments	2,130	1,973
Social security contributions	177	161
Pensions contributions	426	372
Agency/contractor	<u>70</u>	<u>42</u>
	<b><u>2,803</u></b>	<b><u>2,548</u></b>

The Commissioner and Deputy Commissioner are Ministerial appointments.

At 31 March 2007 the OISC employed 66 staff (66 at 31 March 2006).

The average number of employees during the year ended 31 March 2007 by category of employment was as follows:

	<b>2006/07</b>	<b>2005/06</b>
Management	6	6
Casework	40	35
Secretarial/administrative support	<u>19</u>	<u>22</u>
<b>Total</b>	<b><u>65</u></b>	<b><u>63</u></b>

### Audit Committee

The three non-executive members of the Audit Committee are paid £350 per day plus travel costs for attendance at Audit Committee meetings. None has received more than £1,500 during the year.

### 5. Running costs

	2006/07	2005/06
	£'000	£'000
Accommodation costs	478	444
Advertising and publicity	219	175
Audit fee – external	17	17
Audit fee – internal	9	6
Legal costs	102	138
Recruitment	58	48
Training	61	43
Information technology	202	159
Office supplies and services	78	84
Operating lease payments	10	5
Community training	118	128
Travel and subsistence	41	49
Hospitality	1	2
Relocation	–	10
Sundry	42	43
<b>Total</b>	<b>1,436</b>	<b>1,351</b>

### 6. Intangible fixed assets

	Database software £'000
Cost at 1 April 2006	328
Cost at 31 March 2007	328
Amortisation at 1 April 2006	302
Provided during the year	7
Amortisation at 31 March 2007	309
<b>Net book value at 31 March 2007</b>	<b>19</b>
Net book value at 31 March 2006	26

## 7. Tangible fixed assets

	Office refurbishments	Furniture and office equipment	Computer equipment	Total
	£'000	£'000	£'000	£'000
Cost at 1 April 2006	335	240	185	760
Additions	–	1	20	21
Disposals	–	–	–	–
Revaluation	–	4	(11)	(7)
Cost at 31 March 2007	<u>335</u>	<u>245</u>	<u>194</u>	<u>774</u>
Depreciation at 1 April 2006	84	106	92	282
Provided during the year	33	23	37	93
Depreciation on disposals	–	–	–	–
Revaluation	–	2	(6)	(4)
Depreciation at 31 March 2007	<u>117</u>	<u>131</u>	<u>123</u>	<u>371</u>
<b>Net book value at 31 March 2007</b>	<b><u>218</u></b>	<b><u>114</u></b>	<b><u>71</u></b>	<b><u>403</u></b>
Net book value at 31 March 2006	<u>251</u>	<u>134</u>	<u>93</u>	<u>478</u>

## 8. Debtors

	2006/07 £'000	2005/06 £'000
Other debtors	23	24
Season ticket loans to staff	20	17
Sundry prepayments	<u>251</u>	<u>96</u>
<b>Total</b>	<b><u>294</u></b>	<b><u>137</u></b>

## 9. Creditors

	2006/07	2005/06
<b>Amounts falling due within one year</b>	£'000	£'000
Trade creditors	191	50
Accruals	83	52
Taxation and social security	62	58
Home Office	–	292
Deferred new and work permit income	–	30
Deferred re-registration fee income	–	13
Accommodation rent-free period*	39	39
<b>Total</b>	<b>375</b>	<b>534</b>
	2006/07	2005/06
<b>Intra-government balances</b>	£'000	£'000
Balances with central government bodies	62	350
Balances with bodies external to government	313	184
<b>Total</b>	<b>375</b>	<b>534</b>
	2006/07	2005/06
<b>Amounts falling due after more than one year</b>	£'000	£'000
Accommodation rent-free period	212	251
<b>Total</b>	<b>212</b>	<b>251</b>

\* Accrued rent: During 2003–05, the OISC negotiated a ten-year lease on Floor 5, Counting House, 53 Tooley Street, London SE1 2QN. As part of this agreement the OISC was granted an 18-month rent-free period, from 29 September 2003 to 31 March 2005. In accordance with UK GAAP and UIFT Abstract 28 – Operating Lease Incentives, the OISC has spread the cost of the lease on an effective straight-line basis from the start of the rent-free period to the end of the extended lease on 28 September 2013. As a result, notional rent charges for the rent-free period have been charged to the operating cost statement.

## 10. Analysis of changes in cash

	2006/07	2005/06
	£'000	£'000
Balance at 1 April	565	272
(Decrease)/increase in cash	(274)	293
<b>Balance at 31 March</b>	<b>291</b>	<b>565</b>

The OISC has no borrowings and relies on departmental grants for its cash requirements, and is therefore not exposed to liquidity risks. It also has no material deposits and all material assets and liabilities are denominated in sterling, so it is not exposed to interest rate risk or currency risk.

## 11. Reserves

	General reserve	Revaluation reserve	Total
Balances at 1 April 2006	418	3	421
Grant in Aid received towards resource expenditure	4,292	–	4,292
Grant in Aid received towards purchase of fixed assets	21	–	21
Net expenditure for the year after appropriations	(4,314)	–	(4,314)
Revaluation of fixed assets	(3)	3	–
<b>Balances at 31 March 2007</b>	<b>414</b>	<b>6</b>	<b>420</b>

## 12. Reconciliation of operating surplus to cash outflow from operating activities

	2006/07		2005/06 restated	
	£'000	£'000	£'000	£'000
Net expenditure		(4,356)		(4,010)
<i>Add back non-cash items</i>				
Cost of capital	14		1	
Depreciation	100		103	
Loss on disposal of assets	–		4	
Net loss on revaluation of fixed assets	3		3	
		117		111
<i>Add changes in working capital</i>				
Decrease/(increase) in debtors relating to operating income	(157)		138	
Increase in creditors relating to to operating income	(198)		(74)	
		(355)		64
<b>Net cash outflow from operating activities</b>		<b>(4,594)</b>		<b>(3,835)</b>

## 13. Capital commitments

At 31 March 2007 there were no capital commitments (31 March 2006: nil).

## 14. Commitments under operating leases

	2006/07		2005/06	
	Land and building	Equipment	Land and building	Equipment
	£'000	£'000	£'000	£'000
<i>Operating leases that expire:</i>				
Within one year	-	-	-	-
Within two to five years		6		4
After more than five years	263		263	

## 15. Contingent liabilities

At 31 March 2007 the OISC had an unresolved dispute. The OISC considers that it is not possible to determine what costs, if any, will be incurred (31 March 2006: nil).

## 16. Post-balance sheet events

There are no post-balance sheet events to report. The Annual Report and Accounts were authorised for issue on 18 July 2007.

## 17. Related party transactions

The Home Office, as sponsor department, is a related party to the OISC. During the year ended 31 March 2007, the Home Office provided the OISC with Grant in Aid (Note 11). A small number of transactions were made with other government departments and other central government bodies.

During the year ended 31 March 2007, neither the Commissioner, Deputy Commissioner, key managerial staff nor other related parties undertook any material transactions with the OISC.

Balances with central government bodies are detailed in Note 9.

## 18. Losses and special payments

There were no losses or special payments to report.

## 19. Results for the period

The financial resource allocated to the OISC has been used efficiently to meet the year's business plan targets. In achieving this, the OISC has operated within the limits set out in the Financial Memorandum and has not overspent the budget.

## 20. Financial instruments

FRS 13, *Derivatives and Other Financial Instruments*, requires disclosure of the role financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. Because of the wholly non-trading nature of its activities and the way in which executive agencies are financed, the OISC is not exposed to the degree of financial risk faced by business entities.

Moreover, financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which FRS 13 mainly applies. The OISC has no powers to borrow or invest surplus funds and no transactions in foreign currency. Financial assets and liabilities are generated by day-to-day operational activities and are not held to change the risks facing the OISC in undertaking its activities.

As permitted by FRS 13, debtors and creditors that mature or become payable within 12 months from the balance sheet date have been omitted from the currency profile.

#### **Liquidity risk**

The OISC is financed by Grant in Aid funded through the resource account of the Home Office. The OISC is not therefore exposed to any liquidity risks.

#### **Interest rate risk**

The OISC is not exposed to any interest rate risk as it has no significant debt.

#### **Foreign currency risk**

The OISC is not exposed to any significant foreign currency risk.

#### **Fair values**

There is no difference between the book value and fair value of any of the OISC's financial assets and liabilities as at 31 March 2007.

# The Commissioner's report on regulation by Designated Professional Bodies of their members

This report gives my opinion on the extent to which the professional bodies designated by the Immigration and Asylum Act 1999 (the Act) have provided effective regulation of their members in the provision of immigration advice and/or services. This report is made in accordance with Part V of the Act. As anticipated in my 2005/06 report, this report is not only concerned with how the Designated Professional Bodies (DPBs) dealt with complaints which were referred to them by the OISC, but also includes a review of direct complaints received by them, and therefore takes a more holistic view of how these bodies have performed.

The DPBs are as follows:

- the Law Society of England and Wales;
- the Law Society of Scotland;
- the Law Society of Northern Ireland;
- the Institute of Legal Executives;
- the General Council of the Bar of England and Wales;
- the Faculty of Advocates; and
- the General Council of the Bar of Northern Ireland.

During 2006/07, the DPBs continued to work with my Office and me. During the reporting period, I have had a series of constructive meetings with senior representatives of the Law Society of England and Wales, the Bar Standards Board and the Law Society of Scotland. I would like to thank all of the DPBs for their co-operation.

As in previous years, most of my report will be concerned with the Law Society of England and Wales, as it is by far the largest of the DPBs in terms of members regulated and complaints handled.

## Introduction

In my last report I discussed how the Department of Constitutional Affairs' reform of legal services in England and Wales had begun to affect the way the Law Society of England and Wales and the General Council of the Bar of England and Wales regulated their members. Both of these bodies have now separated their regulatory and representative functions, and I discuss these developments further in the relevant sections below.

## The Law Society of England and Wales

### Matters for discussion brought forward from the 2005/06 report

In my 2005/06 report, I indicated that I intended to explore the following issues with the Law Society of England and Wales ("the Law Society"):

- the impact of the change in its approach to handling immigration complaints;
- a comparison of the handling of OISC-referred and direct immigration complaints;
- the time taken to close complaints;
- in relation to OISC-referred complaints, why fewer cases were closed in 2005/06 in comparison with previous years;
- reasons why cases were not upheld; and
- the time taken to bring cases before the Solicitors Disciplinary Tribunal.

### The impact of the change in the Law Society's approach to handling immigration complaints

The Law Society has taken a significant step towards changing its regulatory approach by creating two separate bodies, the Legal Complaints Service (LCS) and the Solicitors Regulation Authority (SRA). The former seeks to resolve complaints about inadequate professional service and obtain redress for clients, while the latter is charged with regulating the conduct of solicitors. The majority of immigration complaints tend to be dealt with by the LCS in the first instance. Because of the need in immigration matters for service and conduct issues to remain aligned, it is important that the SRA and the LCS smoothly co-ordinate their activities. I am aware that the two bodies are working together to achieve this.

In the early part of the year I met with the Law Society to discuss the possible impact of its restructuring. It believed that it would result both in a reduction in the time taken to close complaints and in more clients obtaining a satisfactory resolution and some form of redress. My staff have been assessing the initial success of these changes, as explained below.

### A comparison of the handling of OISC-referred and direct immigration complaints

Previous OISC reports have focused only on how the Law Society has dealt with complaints referred to it by the OISC. This year, for the first time, my staff have had access to information about all immigration complaints received by the Law Society, regardless of source. Our examination of these has shown that all complaints are handled in the same way, irrespective of their origin.

### The time taken to close complaints

As indicated in my previous report, I had concerns about the time taken to close cases. The Law Society acknowledged that, over time, a backlog of complaints had built up, resulting in increased pressure on its complaints-handling resources. Furthermore, I was advised that, on average, immigration complaints took longer to close than most other complaints received. This was due in particular to the need for translations in some cases, the difficulty in maintaining contact with some complainants and the fact that a greater than average proportion of immigration complaints proceeded to a formal adjudication which, being a step beyond caseworker assessment, requires the preparation of case reports.

### In relation to OISC-referred complaints, why fewer cases were closed in 2005/06 in comparison with previous years

The Law Society has explained that there were case-specific reasons why fewer cases were closed in 2005/06 in comparison with previous years, and that there was not any one general reason for this.

### Reasons why cases were not upheld

The Law Society has advised that, based on a representative sample, nearly three-quarters of the immigration complaints closed in 2005/06 were concluded because of either lack of evidence or conflict of evidence.

### The time taken to bring cases before the Solicitors Disciplinary Tribunal

The Interventions and Disciplinary Unit prepares matters for the Solicitors Disciplinary Tribunal (SDT). I am advised that this preparation may require a reassessment of the original investigation or substantial further correspondence with parties to the complaint. In addition, the SDT itself can be the cause of delay. I should make clear that I have no oversight over the SDT, and therefore cannot comment on its activities. I do, however, remain concerned about the time taken to bring cases before the SDT and therefore will continue to monitor this issue.

### Changes to the method of OISC oversight of the Law Society

In 2006/07, I introduced a more strategic approach to the oversight of the Law Society that involved the following:

- **Submission of monthly data**

The OISC is now provided with monthly information on every immigration complaint that the Law Society receives or has received since 2001. I can confirm that the Law Society has generally provided this information to my Office both in the format and to the timetable agreed.

- **Random file inspections**

The data provided by the Law Society has assisted the OISC in planning its monthly random 'dip sample' of Law Society files. Files selected are assessed against a set of objective criteria covering each stage of the Law Society's investigation. The results of those assessments form the basis of a monthly report.

- **Thematic studies**

In addition to random dip samples, my staff have also conducted three thematic studies during 2006/07 on: understanding the new LCS procedures; the use of conciliation to resolve matters; and the consideration of firms' regulatory history when investigating complaints. These themes reflected current concerns and information obtained from the dip samples.

## Main findings

Using the three 'tools' of data, dip sampling of files and thematic studies, I have been able to form conclusions on the Law Society's success in its regulatory activities with respect to those of its members providing immigration advice and/or services. These conclusions are detailed below.

- **The time taken to allocate cases**

Our initial inspections revealed considerable delay in the allocation of cases to LCS caseworkers. At the end of September 2006, nearly 60% of all immigration complaints received by the LCS since June 2006 had not been allocated to a caseworker, with some cases experiencing delays of over three months.

However, I am pleased to report that the LCS has taken measures to address this problem, with considerable success. Thus, by the end of January 2007, less than 8% of open LCS immigration complaints were unallocated, and most of these were less than four weeks old. My Office will continue to monitor this matter.

- **The identification of main issues of complaints**

My staff have also found that, in general, SRA and LCS caseworkers have identified the main issues in complaints and clarified these with both parties, where appropriate, with minimal delay.

- **LCS and SRA – utilising the threshold test**

The LCS determines which matters need to be passed to the SRA for further consideration of possible regulatory action. The mechanism it uses for doing this is known as the 'threshold test'.

As mentioned above, the creation by the Law Society of two bodies to handle service and conduct issues separately makes it even more important for effective measures to be in place that ensure no loss of valuable regulatory information. It is therefore worrying that my staff have found files that show little evidence of the threshold test being applied consistently or at all.

The LCS has assured me that this has largely been a question not of the threshold test not being applied, but of the evidence of caseworkers applying the test not being included in files where the decision has been taken that no further regulatory action is required. However, I remain concerned by the fact that my staff have seen files where they would have expected the application of the test to have produced an immediate referral to the SRA, but where the matter has only been pursued as one of consumer redress.

My staff will continue to discuss this issue with both the LCS and the SRA with a view to ensuring that the threshold test is both thorough enough in its application and robust enough in its implementation to protect the public interest, particularly given the vulnerability of many immigration clients.

- **The time taken to close cases**

Having identified a backlog of immigration complaints, the Law Society has made a concerted effort this year to reduce the outstanding complaints caseload, and the number of closures during 2006/07 has increased significantly. As commented on above, the LCS handles the majority of immigration complaints, and the streamlined new processes it has introduced appear to have contributed to this improvement. I intend, however, to continue to monitor this in order to ensure that this improvement is maintained.

### Matters for discussion for 2007/08

Considering the information provided to me and discussions I have had with the LCS and the SRA, I intend to discuss the following with them in 2007/08:

- the time taken to allocate cases;
- utilisation of the threshold test;
- the time taken to close cases;
- the time taken to bring cases before the Solicitors Disciplinary Tribunal;
- the Memorandum of Understanding – my staff are currently in discussion with the LCS and the SRA about updating the OISC/Law Society's Memorandum of Understanding in order that it can satisfactorily reflect the new working arrangements. I expect this document to be agreed during the coming year; and
- disciplinary and enforcement procedures – my Office intends to continue to develop its understanding of the way in which the SRA carries out its disciplinary and enforcement duties.

## Statistics

As already indicated, this year's report includes details of all immigration complaints handled by the DPBs, regardless of their source.

**Table 1a: Immigration complaints received by the Law Society  
2001/02–2006/07**

Year	From the OISC	From other sources	Total
2001/02	160	not known	<b>not known</b>
2002/03	191	167	<b>358</b>
2003/04	209	511	<b>720</b>
2004/05	147	522	<b>669</b>
2005/06	136	532	<b>668</b>
2006/07	92	598	<b>690<sup>1</sup></b>

**Table 1b: Immigration complaints received by the Law Society  
2001/02–2006/07**

From the OISC	From other sources	Total
935	2,330	<b>3,265</b>

**Table 2a: Immigration complaints closed by the Law Society 2006/07**

From the OISC	From other sources	Total
189	763	<b>952</b>

**Table 2b: Outcomes of closed immigration complaints 2006/07<sup>2</sup>**

Upheld <sup>3</sup>	Conciliated	Not upheld	Withdrawn	No response	Other	Total
167	241	254	59	117	114	<b>952</b>

**Table 2c: Age profile of closed immigration complaints 2006/07**

0–3 months	4–6 months	7–9 months	10–12 months	13–18 months	>19 months	Total
210	224	161	102	145	110	<b>952</b>

1 A further 90 enquiries were received by the LCS for informal resolution. These enquiries can become formal complaints if informal resolution is not possible.

2 These figures include all immigration complaints regardless of source.

3 The Law Society lists 14 different outcomes for complaints in this period. For convenience, these have been rationalised under the present six headings.

## The General Council of the Bar of England and Wales

### The Bar Standards Board

The Bar Council created the Bar Standards Board (BSB) in 2006 to undertake the regulatory responsibilities of the Bar Council of England and Wales. During this year, the BSB has consulted on a number of matters to which my Office has responded (see Annex B to the OISC's 2006/07 Annual Report). I am pleased to report that during 2006/07 the OISC reached an agreement with the BSB about the provision of information to us regarding immigration complaints that the BSB receives directly.

### Matters for discussion brought forward from the 2005/06 report

In my previous report I explained that I intended during 2006/07 to discuss the following issues with the Bar Council of England and Wales:

- the impact of the change in its approach to handling immigration complaints; and
- the reasons why cases were not upheld.

### The impact of the change in the Bar Council's approach to handling immigration complaints

My staff have monitored the complaints-handling work of the BSB during 2006/07 in order to gauge the impact of the changes introduced by the Bar Council on the handling of immigration complaints. From their observations, it has been concluded that the separation of regulatory and representative functions has not adversely impacted on the way in which immigration complaints about barristers are dealt with by the BSB.

### The reasons why cases were not upheld

The BSB has reported to me that all complaints are first scrutinised by the BSB's Complaints Commissioner, who determines whether there is a prima facie case to answer. If so, the matter is passed to the BSB's Conduct Committee.

I have been informed that, of the 11 cases dismissed by either the Complaints Commissioner or the Conduct Committee during 2005/06, six were not pursued due to a lack of evidence or because the complainant failed to respond to further enquiries.

## Statistics

**Table 3a: Immigration complaints received by the BSB 2001/02–2006/07**

Year	From the OISC	From other sources	Total
2001/02	14	1	<b>15</b>
2002/03	7	0	<b>7</b>
2003/04	4	4	<b>8</b>
2004/05	7	14	<b>21</b>
2005/06	6	4	<b>10</b>
2006/07	5	4	<b>9</b>

**Table 3b: Immigration complaints received by the BSB 2001/02–2006/07**

From the OISC	From other sources	Total
43	27	<b>70</b>

**Table 4a: Immigration complaints closed by the BSB 2006/07**

From the OISC	From other sources	Total
9 <sup>4</sup>	5	<b>14</b>

**Table 4b: Outcomes of closed immigration complaints 2006/07<sup>5</sup>**

Upheld <sup>6</sup>	Conciliated	Not upheld	Withdrawn	No response	Other	Total
4	0	5	1	1	3	<b>14</b>

**Table 4c: Age profile of closed immigration complaints 2006/07**

0–3 months	4–6 months	7–9 months	10–12 months	13–18 months	>19 months	Total
3	2	1	2	2	4	<b>14</b>

As at 31 March 2007, the BSB had a total of nine immigration complaints under consideration, and a further one where the investigation had been adjourned.

<sup>4</sup> Includes one complaint that was closed during 2005/06. The BSB did not confirm that this complaint had been closed until 2006/07.

<sup>5</sup> These figures include all immigration complaints regardless of source.

<sup>6</sup> For consistency, the same possible outcomes are listed throughout this report. In Table 4b, 'not upheld' includes four complaints where the BSB made a finding of 'no further action'. This is not the same as dismissing a complaint.

### **Matter for discussion for 2007/08**

I intend to discuss the following with the BSB during 2007/08:

- the BSB's continuing preparations for the forthcoming Legal Services Bill.

## **The Institute of Legal Executives (ILEX)**

The OISC and ILEX have continued to work together throughout the year.

### **Matters for discussion brought forward from the 2005/06 report**

These are:

- preparation for introducing changes in the way complaints are handled; and
- the time taken to close complaints.

### **Changes in the way complaints are handled**

ILEX has not yet separated its regulatory and representative functions.

I understand that ILEX intends to make progress towards this by the end of 2007.

### **Time taken to close complaints**

Regarding the time taken to close complaints, ILEX has explained that it has specific regulations that apply to the investigation of complaints. These specify the timescales allowed for parties to a complaint to make representations. The fact that timescales are stipulated can result in some delay if, for instance, the complainant fails to respond. In addition, the Investigating Committee looking into a complaint may require further investigation or inspections to be undertaken.

### **Main activities in 2006/07**

During 2006/07, the OISC has continued to work towards agreement on a joint Memorandum of Understanding. It is a matter of some concern to me that this document has still not been signed, and I am keen for this matter to be concluded early in 2007/08.

During the year my staff have been able to oversee two particular ILEX investigations, and have attended disciplinary and appeal hearings in connection with these matters. ILEX allowed my staff to have sight of some of the relevant papers in these cases, for which I am grateful. Unfortunately, ILEX did not allow my Office to have full documentation. This is because ILEX felt that to release these papers would risk compromising the integrity of the proceedings and any subsequent proceedings. I have the power to request that the DPBs provide me with such information. It is with regret that I have to report that ILEX has not fully complied with my requests.

On another matter, I am pleased to report that ILEX is now providing the OISC with details of those immigration complaints that it receives directly. This is particularly important considering that ILEX is reliant on the receipt of complaints about its members to ensure that they are acting in the correct manner and to a satisfactory level of competence.

I appreciate that ILEX is committed to introducing an accreditation scheme to assess its members' competence. However, I now understand that ILEX does not expect to introduce this scheme before it separates its regulatory and representative functions. I am sorry that this is the position as it is anticipated that the accreditation scheme will mark a significant evolution in ILEX's regulation, which relies on the investigation of complaints. I believe that ILEX would benefit from an ongoing dialogue with those of its members who give immigration advice, to ensure that the service they provide remains at the appropriate standard.

## Statistics

**Table 5a: Immigration complaints received by ILEX 2001/02–2006/07**

Year	From the OISC	From other sources	Total
2001/02	2	0	2
2002/03	1	1	2
2003/04	0	1	1
2004/05	4	2	6
2005/06	15	3 <sup>7</sup>	18
2006/07	11	1	12

**Table 5b: Immigration complaints received by ILEX 2001/02–2006/07**

From the OISC	From other sources	Total
33	8	41

**Table 6a: Immigration complaints closed by ILEX 2006/07**

From the OISC	From other sources	Total
15	2	17

**Table 6b: Outcomes of closed immigration complaints 2006/07<sup>8</sup>**

Upheld <sup>9</sup>	Conciliated	Not upheld	Withdrawn	No response	Other	Total
15	0	1	0	1	0	17

<sup>7</sup> In last year's Annual Report, this figure was given as zero, according to information provided by ILEX at that time. ILEX has now clarified that it received three direct complaints during 2005/06.

<sup>8</sup> These figures include all immigration complaints regardless of source.

<sup>9</sup> For consistency, the same possible outcomes are listed throughout the DPB report.

**Table 6c: Age profile of closed immigration complaints 2006/07**

0-3 months	4-6 months	7-9 months	10-12 months	13-18 months	>19 months	Total
0	0	5	2	10	0	17

As at 31 March 2007, ILEX had a total of 12 immigration complaints under consideration.

### Matters for discussion for 2007/08

I intend to discuss the following issues with ILEX during 2007/08:

- completion of the OISC/ILEX Memorandum of Understanding; and
- its response to the Legal Services Bill and in particular its proposed accreditation scheme.

## The Law Society of Scotland (LSS)

The OISC continues to have a productive working relationship with the LSS. I am pleased to report that the LSS has agreed that the OISC can receive information on those immigration complaints that the LSS receives directly.

### Matters for discussion brought forward from the 2005/06 report

In my previous report I explained that I intended during 2006/07 to discuss the following with the LSS:

- the time taken to close cases;
- the reasons for cases not being upheld; and
- its reaction to the Scottish Executive's forthcoming legislation on handling complaints.

#### The time taken to close cases

I am informed that the time taken to obtain translations has contributed to a delay in cases being closed. The LSS has also informed me that another contributory factor is the time that can sometimes be taken to ensure that a complainant's concerns are fully understood. As with the other DPBs, the LSS relies on complainants responding promptly. I am pleased to report that, of the 18 immigration complaints the LSS received during 2006/07, only one took more than six months to close. The LSS has attributed this improvement in performance to trying to meet the target times now in place, and believes that the introduction of its new IT system has also contributed to the improved speed of handling.

### The reasons for cases not being upheld

In considering the reasons why cases are not upheld, the LSS has advised me that the rules governing its investigations of complaints require a specific finding to be made on inadequate professional service. Furthermore, when a client complains to the LSS about alleged inadequate professional service, the burden of proof lies with the complainant to prove their case, which can be difficult for complainants to achieve.

### Changes in handling complaints

With regard to the changes in the LSS's approach to handling complaints, I note that the Legal Profession and Legal Aid (Scotland) Act 2007 has been passed and is in the process of being enacted. However, investigating immigration complaints will, at least for the present, continue to be the responsibility of the LSS.

OISC referrals account for a smaller proportion of the LSS's total complaints workload than is the case for, say, either ILEX or the BSB. My Office is in ongoing discussions with the LSS about how best to oversee its handling of direct matters.

### Statistics

**Table 7a: Immigration complaints received by the Law Society of Scotland 2001/02–2006/07**

Year	From the OISC	From other sources	Total
2001/02	2	4	6
2002/03	5	19	24
2003/04	4	28	32
2004/05	5	39	44
2005/06	7	18	25
2006/07	4	14	18

**Table 7b: Immigration complaints received by the Law Society of Scotland 2001/02–2006/07**

From the OISC	From other sources	Total
27	122	149

**Table 8a: Immigration complaints closed by the Law Society of Scotland 2006/07**

From the OISC	From other sources	Total
8	10	18

**Table 8b: Outcomes of closed immigration complaints 2006/07<sup>10</sup>**

Upheld <sup>11</sup>	Conciliated	Not upheld	Withdrawn	No response	Other	Total
3	3	9	1	2	0	<b>18</b>

**Table 8c: Age profile of closed immigration complaints 2006/07**

0–3 months	4–6 months	7–9 months	10–12 months	13–18 months	>19 months	Total
10	3	2	1	2	0	<b>18</b>

As at 31 March 2007, the LSS had a total of three immigration complaints under consideration.

### Matters for discussion for 2007/08

I intend to discuss the following with the LSS during 2007/08:

- my oversight of direct complaints; and
- the arrangements for implementation of the Legal Profession and Legal Aid (Scotland) Act 2007.

## The Faculty of Advocates

My staff visited the offices of the Faculty of Advocates, and by doing so gained a better understanding of the Faculty's role and processes. The meeting was a useful exercise to reaffirm the agreements made in the Memorandum of Understanding between the OISC and the Faculty. The Faculty received one direct immigration complaint during the year, and gave the OISC opportunity to comment on it. This complaint has been closed.

## The General Council of the Bar of Northern Ireland and the Law Society of Northern Ireland

As in previous years, no complaints were received or are outstanding in respect of members of these two DPBs.

<sup>10</sup> These figures include all immigration complaints regardless of source.

<sup>11</sup> For consistency, the same possible outcomes are listed throughout the DPB report.



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