

## **Practice note on premises audits for IAA regulated organisations**

### **Purpose of premises audits:**

1. The Commissioner has statutory duties to ensure that advisers are fit and competent and to promote good practice. Premises audits are a key tool for achieving these objectives; they provide the Commissioner with an opportunity to assess whether organisations are compliant with the Code of Standards and acting in line with the Guidance on Competence, and to provide advice on compliance matters.
2. Visiting premises allows the IAA to assess whether the policies and procedures submitted by the organisation when they applied to the IAA for registration are operating effectively. It also allows the auditing caseworker to review the actual work being conducted by the organisation's authorised advisers, thus assessing the competence of the advice given and whether the client's matter is being effectively managed in line with the Commissioner's Code of Standards.

### **The audit process:**

3. In each business year the IAA will select registered organisations that it wishes to audit. The IAA will aim to visit organisations for a variety of reasons, which might include:
  - newly regulated organisations which perhaps had some difficulties at the application stage and needed additional assistance
  - regulated organisations which have had complaints or concerns raised with the IAA during the previous business year
  - organisations which have undergone changes in management, structure or areas of work, or where the organisation's registration level has increased
  - organisations which were previously audited and are implementing improvements
  - organisations which have staff working under supervision or have large numbers of advisers working at different locations

- dip sampling of organisations where there are not known to be any issues or concerns
4. When an organisation is due to be audited will depend on the availability of an IAA audit caseworker, and when it is deemed best to audit. For example, a newly registered organisation may not be audited until they have had some clients, or an organisation that is implementing improvements following a previous audit will need time to implement these improvements.
  5. The IAA will contact organisations that are due to be audited to arrange a date that might suit both parties. Organisations are normally contacted around 3-4 weeks ahead of the proposed audit date to make these initial arrangements.
  6. It is important that reasonable access is permitted to the IAA to conduct a premises audit. If we cannot audit an organisation, we cannot verify that they remain fit and competent. In the event of persistent non-co-operation to agree an audit date or permit access, the IAA has the power to seek an inspection warrant; and if the adviser still fails to give access, their registration can be cancelled with no right of appeal. Ideally, we wish to proceed instead with agreement.
  7. Once a date has been agreed with the organisation, the IAA will write to the
  8. organisation confirming who will be attending, the date and time of the visit. The audit may be attended by one or more IAA audit caseworkers.
  9. This confirmation of audit letter sets out what will happen on the day. It explains that the audit will cover two main areas: assessment of adviser competence in the delivery of immigration advice or services as well as an assessment of policies and procedures.
  10. The letter explains that the IAA will be carrying out reviews of client files and requests that in advance of the audit the organisation supply to the audit caseworker a copy of the organisation's complete client list since the previous audit or the date their application for registration was approved. It explains that the client list should detail all of the organisation's cases since a stated date (normally the date of the organisation's last audit) and should include the following information:
    - name of client
    - level of work carried out
    - type of case
    - date of opening of the file (and closing, if relevant)
    - the outcome of the case (if closed)
    - the name of the adviser dealing with the case (where there is more than one adviser within the organisation)
  11. It is important that a full and accurate client list is provide in advance of the audit. Prior to the audit the IAA will request information from the Home Office regarding applications received which have been submitted by that IAA registered organisation. This information will be cross checked with your client list.

12. The letter also explains that the IAA will be reviewing the organisation's policies and procedures on the day and will list any particular documents the auditor has asked to be made available. This might include a copy of the organisation's current fee scale, their PII certificate, their most recent accounting documents (including bank statements), CPD records and plans for each authorised adviser etc.
13. On the day of the audit the IAA caseworkers attending will normally arrive at the premises in the morning. They will introduce themselves and will begin the process by explaining to you how they intend to conduct the audit.

**Normal audit structure includes:**

- a) Introductory meeting - the auditor will explain how they will structure the day, what they will be looking at and when they will need to speak to you or other members of staff.
- b) Initial discussion regarding the organisation's operation and business generally.
- c) This discussion will be a chance for you to update them on any changes. Organisations should, however, be aware that changes and issues can be discussed at any time by contacting your caseworker and should not be saved for the audit event.
- d) The audit caseworker may ask about your policies and procedures and how these are working in practice. They may at this point review your policies with you or ask for them to be made available so they can review them later or alongside the file reviews. Alternatively, they may raise only one or two preliminary issues. For example, if you have had a particular complaint that has triggered the audit, they may begin with this, or if the business has changed with new staff or new owners they may ask about the new structure.
- e) The caseworker will indicate to you which of your client files they would like to review, and you will be asked to make these available.
- f) It is likely that they will ask you to also provide your accounting records (invoices and transactions) so these can be read alongside of the files.
- g) The caseworker will spend some time reviewing these files and records. During this part of the audit many advisers are able to undertake normal work as the caseworker or caseworkers will simply be reviewing the files.
- h) When the caseworker has completed their file reviews, they may ask to speak to individual advisers to ask questions regarding the work on the files. They may ask individual advisers about training or CPD at this time also.
- i) Closing meeting - when these discussions have been completed the caseworker will normally feed back to you their findings on the files and whether they believe they have been managed in line with the Code of Standards and Guidance on Competence. They will also feed back to you at this closing meeting on their overall findings as to whether either the files or

the policies and procedures indicate that your organisation is not acting in compliance with any of the Codes. The caseworker will explain that you will receive (normally within 10 working days) an Identified Issues Report setting out the audit findings and whether you need to take any action.

- j) Audits normally last only one day and finish around 3-4pm. They may last past 4pm if you have a large number of files or a large number of advisers. Caseworkers conducting the audits are likely to take a short break during the day but are not permitted to accept hospitality such as lunch.
14. The above is a typical audit structure, but it may be the case that some audits have a particular focus and so there is some variation from this structure. For example, where the visit is a follow up audit, and the caseworker is returning to check on areas of improvement. It may, in a case like this, be unnecessary to cover all the points listed above. Alternatively, if you have a large number of clients or open client files, more than one caseworker may attend, and one may begin file reviews immediately while the other conducts the introductory meeting and looks first at your policies and procedures. If the caseworker is unable to see your full client files during the day they may ask that copies of file are sent to them after the audit. Similarly, if documents such as your full accounts are not available on the day they may ask you to send these to them after the visit. In these cases, they may be unable to provide their full feedback at the closing meeting as these documents will need to be taken into account.

### **Getting the most from your premises audit:**

15. For most organisations the premises audit is a positive experience. For many it will be the first time you meet your compliance caseworker or any caseworker from the IAA. It is an opportunity to ask questions about regulation and to discuss your business. The audit caseworker, whether this is your compliance caseworker or not, will be able to provide you with advice and guidance around regulatory compliance.
16. It is important that the audit caseworker is able to collect all the information they need from you on the day. If we are unable to view information, then you will either need to send this to us after the audit or we will need to return. It should not be necessary for you to spend a great deal of time preparing for your audit, the purpose is to see how things are operating on a day-to-day basis, so we want to see your organisation as it truly is. The following are, however, suggestions to help ensure the audit runs smoothly:
- a) Maintain client files in accordance with the Codes, which requires the files to be managed in a way that allows others to easily access them in their entirety. Consider when setting up your filing systems that they are labelled in such a way as to make it clear and easy to see who has responsibility for the file, the

type of case involved (ideally including the IAA level of the work) and whether files are open or closed.

- b) If files are stored electronically consider how we might access them and how they are ordered. Hard files are normally ordered chronologically so the first or last thing on the file is the client opening sheet or initial attendance notes, each action on the case then being ordered chronologically. Electronic files which follow this same principle are much easier to read and understand than those with large numbers of separate folders.
- c) Have requested policies and procedures to hand – particularly accounts and financial documents. If these are with an accountant or bookkeeper, ask that these be returned for the day.
- d) Where possible all authorised advisers should be available on the day. As noted above it is likely that for much of the day, they will be able to continue with normal work, but it is useful if they are available to discuss their cases at some point in the day.
- e) Ensure you have CPD plans and records available for all authorised advisers as these will almost certainly be requested to be reviewed on the day.
- f) If you are ill, or an emergency arises and you will not be available on the day, please let your caseworker or the Casework Administrative Officer who contacted you know as soon as possible.
- g) Ask questions, and in particular raise any issues that you are unhappy with. For example, if you believe that the caseworker's findings are incorrect then explain why you believe this to be the case. You will have the opportunity to do this when they are feeding back to you on the file reviews and at the closing meeting. It may be the case that they have missed a point on the file, or a document which proves your point is stored elsewhere and they have not seen it. If this is the case, take the time to discuss this with them as this will help them to ensure that their final report is accurate.

### **Post audit process:**

- 17. Most organisations will receive an Identified Issues Report (IIR) following their premises audit. The IAA aims to issue these within 10 working days of the audit. If there were no issues of concern at all raised by the audit, then we will write to confirm this is the case.
- 18. The IIR will set out our findings (identifying where there have been breaches of the Code of Standards or poor practice) and what if anything we require you to do to remedy those breaches and implement good practice. It may ask you to send us further information, an amended document, or simply ask you to confirm that you will take action to ensure compliance in a particular area in the future. Organisations are normally expected to respond to the IIR within 10 working days together with any information or documentation requested.

Where it is not possible to take certain specified action within that time, the IIR will specify a longer deadline for that specific action.

19. When responding to the IIR it is helpful if you use headings and respond to each action point separately and in turn. This helps you to ensure that everything has been considered and us to be clear on which points you are addressing.
20. If training needs are identified for an individual adviser, they may be expected to undertake specified training and produce evidence that they have done so. Where the caseworker has not been able to verify an adviser's competence generally at a particular level, he or she may decide to invite the adviser to re-sit a competence assessment.
21. If, following the audit, the Commissioner is not satisfied that the organisation is fit and competent, he may issue a report which does not request any specific remedial action but rather gives you the opportunity to comment on his findings. Your comments will be taken into account when the Commissioner considers what action to take. Should the Commissioner decide to cancel your registration following an audit this decision would carry a full right of appeal.
22. For most organisations the audit is an opportunity for improvement and your organisation's caseworker will be able to help advise you if you have any questions or concerns about the improvements you plan to make.
23. Organisations which have received a premises audit will, after the audit, be sent by email an invitation to provide feedback on the IAA premises audit process. Invitations to provide this feedback are issued quarterly by us and we would greatly appreciate any feedback you would like to provide.
24. In 2018-19, 213 organisations were invited to complete the premises audit survey and 58 responded. Of those that responded to the survey, the following findings were concluded:
  - 100% of advisers felt they had sufficient time to prepare for the audit
  - 96% of advisers found the letter-confirming audit easy or very easy to understand, this letter includes what is required of the organisation and advisers on the day of the audit
  - 99% of advisers 'strongly agreed' or 'agreed' that they were satisfied with the way the audit was conducted
  - 99% of advisers stated that they received their feedback letter within 4 weeks of the audit
  - 100% of advisers found the audit to be helpful to their organisation