



Office of the Immigration Services Commissioner

Annual Report and Accounts 2012/13

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



Office of the Immigration Services Commissioner Annual Report and Accounts

1 April 2012 to 31 March 2013

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

Annual Report presented to Parliament pursuant to paragraph 21(3) of Schedule 5 to the Immigration and Asylum Act 1999.

Accounts presented to Parliament pursuant to paragraph 20(3) of Schedule 5 to the Immigration and Asylum Act 1999.

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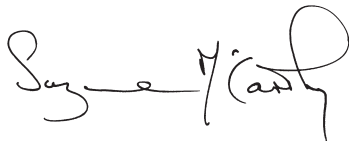
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Annual Report and Accounts of the Office of the Immigration Services Commissioner

The Rt Hon Theresa May MP

Madam,

I have great 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 2012 to 31 March 2013.

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

Suzanne McCarthy
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25 June 2013

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Chapter 1: Commissioner's Statement

Introduction

Protecting clients – protecting the sector

During the year I continued to engage with Government, Parliamentarians, other regulators and interested stakeholders. In addition, my Office had valuable opportunities to contribute to a number of important conversations including Lord Ramsbotham's inquiry for Citizens UK, the Report of which I look forward to receiving, and the Legal Services Board's discussion on the regulation of immigration advice and services.

In our response to the latter we made several significant points, which I think merit repetition in this Statement. In particular, that my Office focuses exclusively on this specific area, and possesses undoubted expertise as a 'specialist regulator'. Statistics confirm that the OISC regulates more active organisations in the sector than any other regulator. Further, the great majority of OISC regulated organisations are small and medium sized Black, Asian and Minority Ethnic organisations which play an important role in their respective communities.

In a 2011 Legal Services Board's discussion on the scope of legal services regulation in England and Wales I made the point that immigration regulation plays a vital part in securing the public interest, and that the OISC constitutes an essential element in realising the nation's strategic immigration policy and in ensuring our nation's immigration system is not abused. As this Report shows, not only does the OISC effectively concern itself with the fitness and competence of its directly regulated advisers, but it also provides an essential service in identifying, deterring and, where necessary, personally bringing prosecutions against those who seek to operate illegally. At an individual level, the OISC regulatory regime facilitates access to justice regardless of legal or ethnic status or ability to engage effectively with the administrative system.

This Report details what my Office has done over the past financial year and what is planned for the future. In all that we do, our aim is to provide a proportionate regulatory regime which has at its core the protection of consumers specifically and UK society generally by ensuring the fitness and competence of the immigration advice organisations and advisers within those organisations that I regulate.

Delivering the aims of our Corporate Plan 2012–15

The OISC is always mindful that it is taxpayers' money that funds its work, and we have continually sought to find efficiencies and make savings. As previously reported, a significant business improvement exercise was undertaken in 2008/09

during which we closely examined the OISC's processes with particular reference to the work of its operational teams. As a result, during the period 2009–11 the OISC extensively refined its casework and complaint processes and structures.

That exercise helped the OISC to deliver much greater efficiencies in the way it works and, in so doing, allowed us to maintain quality while coping with increased budgetary pressures. As described in last year's Annual Report, we decided that, complementing our earlier work on efficiency, our aim for the period 2012 to 2015 should be to improve the organisation's effectiveness. We remain convinced that our decision to focus our energies in this direction is right considering that, as immigration controls tighten and people become more desperate to gain entry to or remain in the UK, the importance of good immigration advice will only intensify.

In the 2011/12 Annual Report I explained that our attention over that three-year period would be specifically concentrated on the following:

- ensuring that those who wish to become OISC regulated advisers or organisations, or who are in the regulatory scheme already but want to be authorised to give advice at a higher level, can sufficiently demonstrate that they are suitably fit and competent before being so authorised;
- placing increased responsibility on those within the regulatory scheme for personally ensuring their continued fitness and competence; and
- focusing our enforcement efforts, both civil and criminal, on those who we perceive as likely to be causing the most harm or posing the greatest threat to consumers.

New applicants and those wishing to be regulated at a higher advice level

In particular, we have analysed the information and processes that we use when deciding whether an applicant organisation/person should be authorised or be allowed to give advice at a higher level. As a result we plan to introduce the changes described below. We feel that these will assist applicants to prepare themselves better before submitting their applications to us.

As already mentioned, those allowed into the OISC regulatory scheme are assessed to be fit and competent to give immigration advice at the level for which they are authorised. We will be publishing clearly articulated definitions of what the OISC means by the terms 'fitness' and 'competence', and thereby set a transparent standard for applicants. We intend to reinforce these definitions by providing specific guidance on fitness which will focus on four main areas:

-
- the person's likelihood of being able to comply with the OISC regulatory scheme;
 - the person being able to show a history of honesty and lawful behaviour;
 - the person being able to show a history of financial probity; and
 - the person's likelihood of acting in their clients' best interests.

This guidance will complement the OISC's *Guidance on Competence*, which sets out what advisers can do at each advice level.

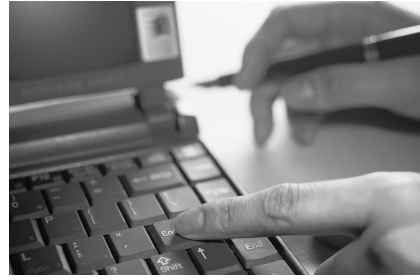
Currently applicants for entry into the scheme are usually given access to the OISC competence assessment test irrespective of their experience, training or qualifications, despite the OISC's guidance that they should develop their skills and knowledge prior to applying to the OISC. We intend to require such applicants in future to give us sufficient evidence before we will allow them to take the test.

In addition, the OISC has previously experienced problems when organisations which are approved to operate at the level for which they applied on entry immediately seek, once admitted, to be authorised at a higher level. Such applicants 'have nothing to lose' as the cost to them for making such an application is minimal, but these applications are a drain on OISC resources. Often these organisations are new to the sector or new to running a business, and the OISC often refuses such applications after having gone through an extensive process. We are seriously considering only exceptionally allowing organisations to apply to raise their level of authorisation within the first year of being admitted to the regulatory scheme.

Placing more personal responsibility on the regulated to ensure they remain fit and competent

As mentioned above, we have also been looking at how the regulated can take greater responsibility for ensuring their own continued fitness and competence. In considering this we have concluded that the OISC can do more in particular in assisting them to identify and deal with client dissatisfaction and formal complaints. This would include developing a section on the OISC's website which would provide information and downloadable documents for clients and information for regulated organisations on good complaint handling together with model documents such as an 'investigation findings' template.

The OISC understands and appreciates the importance of good supervision of advisers who wish to develop their skills and experience. Therefore we intend to include approved supervision as an activity that qualifies for Continuing Professional Development (CPD) hours. Additionally, we are considering introducing



mandatory CPD courses on business and financial management, and requiring all new advisers to complete these subjects within the first two years of their admission to the regulatory scheme.

Focusing our civil and criminal enforcement efforts on those causing the most harm or posing the greatest threat to consumers

The OISC needs to target its finite resources towards effectively identifying those who are potentially causing the most harm. Ensuring fitness of applicants is, of course, one of the best preventative actions to achieve this, and I have previously described in this Statement what changes we plan to introduce to strengthen our consideration of fitness before an organisation or adviser is allowed entry into the regulatory scheme.

Equally important is the quality of the intelligence we receive and what we do with that information. We continue to work closely with the Home Office in expanding the flow of intelligence between our two organisations about both regulated organisations and those who may be giving advice illegally. We also intend to improve how we use the intelligence we receive in-house by providing more staff guidance and training on this subject.

Regarding criminal activity, that is the giving of unregulated immigration advice or services, we intend to be more proactive in how we gather information about such activity. To manage the likely increase in information we expect to receive, we intend to apply a triage system which should result in a more rigorous evidential analysis of the information coming to us.

Ensuring adviser competence – competence assessment testing and Continuing Professional Development

Competence assessment tests

The OISC needs to be assured that immigration advisers are competent from the time they enter the regulatory scheme and that they remain so while in the scheme. At present this involves a number of checks including consideration of the individual's qualifications, what training they have undertaken and what experience they have in providing immigration advice. A key component in our assessment is the results of a formal test of knowledge that advisers at all levels must take.

The OISC introduced competence assessment testing in 2005. Since then those wishing to give advice at Advice Level 1 (the most basic level) have taken an online multiple choice test which can be sat wherever the applicant chooses. Those wishing to work at the higher Advice Levels, Levels 2 and 3, are required to answer scenario-based questions such as they might face in practice. These latter tests are usually conducted at the OISC's offices.

During this year we have made preparations to change the way competence assessment tests are carried out, and, to some extent, expand their coverage. This is because we wanted to widen the areas of knowledge that are tested, increase security and ensure that the questions asked reflect up-to-date immigration law and policy. As a result we will be in the position to make a more assured and comprehensive judgement of an individual's ability to understand and represent clients.

The result of this work is that a new competence assessment programme is being introduced during 2013/14. In particular, the Level 1 assessment, while retaining the multiple choice section aimed at testing the applicant's knowledge across the immigration sector, has been broadened by the addition of a scenario-based exercise to test the adviser's ability to analyse a client's case and draft a document setting out that analysis and advising the way forward. This will also allow the applicant to demonstrate their ability to communicate effectively in written English. The Level 2 and 3 assessments will continue to be scenario based, but with fresh questions prepared specifically for each new test. In addition, all testing will be held at assessment centres located away from the OISC's offices and will be invigilated.

Candidates will be informed whether they have passed or failed the test. The OISC will take these results into consideration when deciding whether an applicant has demonstrated sufficient competence to be admitted into the regulatory scheme or be authorised to give advice at a higher Advice Level.

Continuing Professional Development

It is mandatory for all OISC regulated advisers to undertake CPD. This was confirmed this year by the First-tier Tribunal (Immigration Services) when it upheld my decision to remove a not-for-profit organisation from the regulatory scheme because its sole adviser had not complied with the OISC's CPD requirements.

CPD assists in ensuring that advisers remain competent. We took the opportunity during 2012/13 when changing our CPD provider to redesign our CPD website. From the start of 2013/14 regulated advisers will have access to a new OISC CPD website that has a more contemporary feel, is easier to use, and, most importantly, has up-to-date core courses. This is the result of our work with Creative Learning Systems, a company chosen through open competition to be our partner in this project.

Working with advisers and with clients

Commissioners' Adviser Panel

The Commissioners decided at the start of the year to form an Adviser Panel to act as a 'sounding board' on regulatory issues and developments. The Panel consists of a small number of advisers who reflect the different elements of the OISC regulated adviser community. During 2012/13 the Panel met twice with the Commissioners and senior OISC staff to discuss various issues including changes to competence assessment testing, the influence of the internet on the giving of immigration advice and the OISC's future programme of work. In addition, the Commissioners have met on several occasions with a selection of other regulated advisers outside of London to discuss a variety of matters.

The OISC workshop programme

This is the second year that we have run our workshop programme, which has proved highly successful. During 2012/13 27 workshops were held on the following subjects: audit and compliance; complaints; developing my business; the best interests of clients; supervision; and third parties and effective referrals. Almost 400 advisers attended these workshops, and the comments received demonstrate how much they appreciate the workshops' interactive approach.

We have decided to continue this programme in 2013/14, and will be adding a new workshop on the subject of ethics for immigration advisers which will include how to deal with potential conflicts of interest and confidentiality.

Improving the OISC's website

In April 2012 we relaunched our website. The needs of everyone who might visit the site – advisers, clients and potential clients of advisers and the general public – were taken into account in the redesign. Our aim was to make all of the information available on the website accessible, user-friendly and as up to date as possible.

Further, in response to comments made about the website's Adviser Finder facility by the Legal Services Board Consumer Panel, we redeveloped that element to make it easier for people looking for an OISC regulated adviser in their area to find someone who might be able to assist them.

Immigration removal centres and prisons

It is important that those detained in removal centres or in prisons are aware of how they can obtain immigration advice and assistance or complain about advice that they have received. To ensure that those who are being held know about the OISC and how to contact us, we have produced a new poster giving information in several languages which can be prominently displayed in those establishments.

Development of the Commissioner's framework documents

Changes to the Commissioner's *Code of Standards* and *Complaints Scheme*

Last summer we consulted on some amendments we wanted to make to the Commissioner's *Code of Standards* and to the *Complaints Scheme*. Most of these were clarifications, and were generally approved of by the majority of respondents. The changes have been introduced in the new version of these documents, which came into effect on 1 January 2013.

Certain comments received made us decide to reflect on various issues. In particular, we want to consider further whether or not the payment of referral fees should be allowed. Consequently, we have decided to retain for the present the OISC's ban on regulated advisers requesting or offering referral fees. On other issues where there was disagreement we decided nevertheless to make the change proposed. The most significant of these was the subject of whether to relax the requirement that supervisees must be physically co-located with their supervisor. We believe that in making this change we are accommodating new business arrangements and supporting flexibility in the way advisers wish to operate.

Forthcoming consultations on the Commissioner's *Code of Standards* and the Commissioner's *Rules*

The current version of the *Code* and *Rules* was published in 2007. It is usual for such documents to be reviewed every five years, but, even if this was not so, because of developments both in regulatory practice and in the OISC's regulated sector, a review would be required in any event.

Our plan is to consult on these documents in two stages. This is because, before we can start revising these documents, we must first establish the basis of our approach – that is, whether it should be prescriptive or principle-based.

The initial consultation, which will take place during 2013/14, will address three primary issues:

- what the philosophical principle underlying these documents should be, considering both the Government's and other regulators' approaches to regulation as well as the specific characteristics of the regulated immigration advice sector. Thought will be given as to whether these documents should adopt only one approach throughout or vary the approach taken depending on the code or rule concerned;
- whether the presently separate *Code* and *Rules* documents should be combined into one document; and
- an initial consideration of possible significant changes to the present *Code* and *Rules*.

We will be redrafting the *Code* and *Rules* following analysis of the responses received to the initial consultation. At this time, we expect the second consultation, which will be the proposed next version of the *Code* and *Rules*, to be published on or about April 2014 with the intention that the revised documents will be introduced on or about 1 April 2015 and implemented no later than September 2015.

Organisational issues

New intranet

We recognise that it is important that staff have timely access to the information they need to do their jobs. To provide this we have substantially revised the OISC intranet, making changes to the interface, creating a training section and completely overhauling the Operational Teams' area.

Training and IT

During the year we considered improvements to both our staff training and development programme and our IT provision. Regarding the former, it was agreed that the current induction programme should evolve into a more comprehensive and structured training programme in order that joiners received a solid grounding in the practices and procedures that they need to perform their jobs, and that a more systematic approach should be taken to evaluating the effectiveness of training and development events attended by staff. As to the latter, we are

enhancing our capabilities for staff working remotely and ensuring that our IT infrastructure remains resilient.

New accommodation

The lease on the OISC's offices at Counting House expires in September 2013. We are working with the Home Office in actively searching for new premises which, at the time of this Annual Report, have not yet been identified. Irrespective of the OISC's future location, we will continue to work in the most cost effective way possible.

Conclusion

We see 2013/14 as being a continuation and consolidation of our work and a time of preparations for what is to come. With regards to the latter, we are conscious of several specific factors – the increase in our participation in a variety of legal proceedings, both civil and criminal, that put pressure on the Office's resources, that the OISC is due to have its Triennial Review in 2014, that there will be a Parliamentary election in 2015 and that the current Commissioner will complete her second, and final, appointment in 2015. In addition, initiatives being developed by other regulators, such as the Legal Services Board, and the work we will do with them, sector players and others will no doubt also influence our thinking and actions.

As always, the OISC's success is a product of the hard work done by its staff. As in previous years I am immensely grateful to them for their dedication, perseverance and commitment. I would like also especially to thank the OISC's Deputy Commissioner who has personally led many initiatives and has given me invaluable and unstinting support.

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, Ian Leigh, and their administrative support team.

The Operational Teams

Six separate, but interlinked, teams perform the OISC's regulatory functions, led by the Director of Operations.

a. The Compliance and Complaints Teams and the Operational Services and Support Team

Led by the Head of Operational Regulation, the members of the two Compliance and Complaints Teams (CCT) come from a variety of backgrounds across the private, public and voluntary sectors.

The teams' caseworkers have primary responsibility for the delivery of the OISC's regulatory and complaints functions, and their main focus is ensuring continued compliance with the Commissioner's *Code* and *Rules*. They conduct premises audits and investigate complaints made against regulated advisers. They are the main point of contact for regulated advisers.

The Operational Services and Support Team provides administrative support to the CCT, as well as having responsibility for updating the information on the OISC's database, responding to advisers' questions on the Commissioner's *Code* and *Rules* and OISC internal policy. In addition, it monitors adviser compliance with the OISC's Continuing Professional Development (CPD) requirements and administers the CPD programme.

b. The Applications and First Contact Team

The Applications and First Contact Team (AFCT) has responsibility for dealing with enquiries from the public, regulated advisers and those considering joining the scheme. It also has responsibility for the initial handling of applications to enter the scheme, and takes final decisions on the more straightforward applications. AFCT also administers Disclosure and Barring Service checks on behalf of the Office.

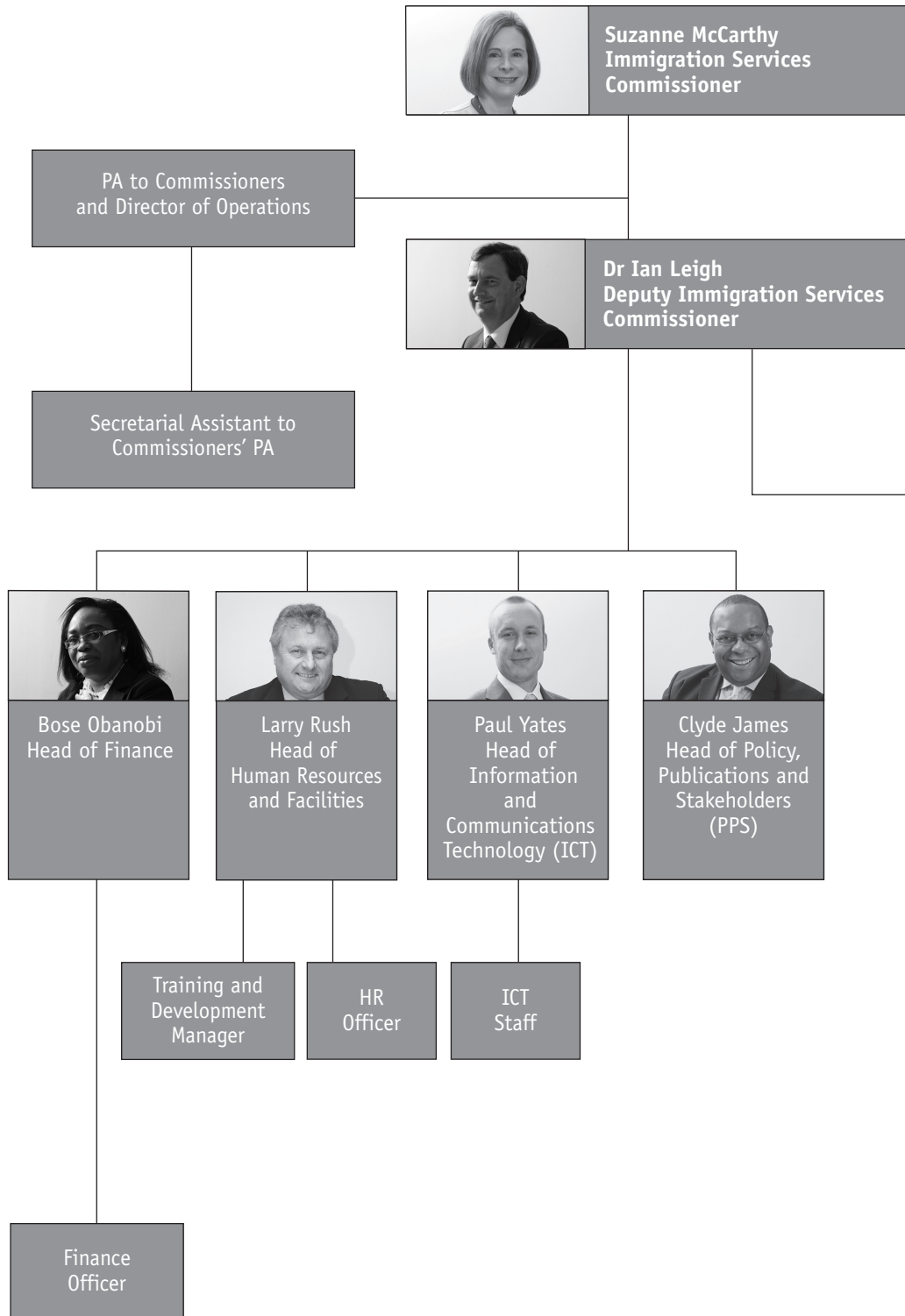


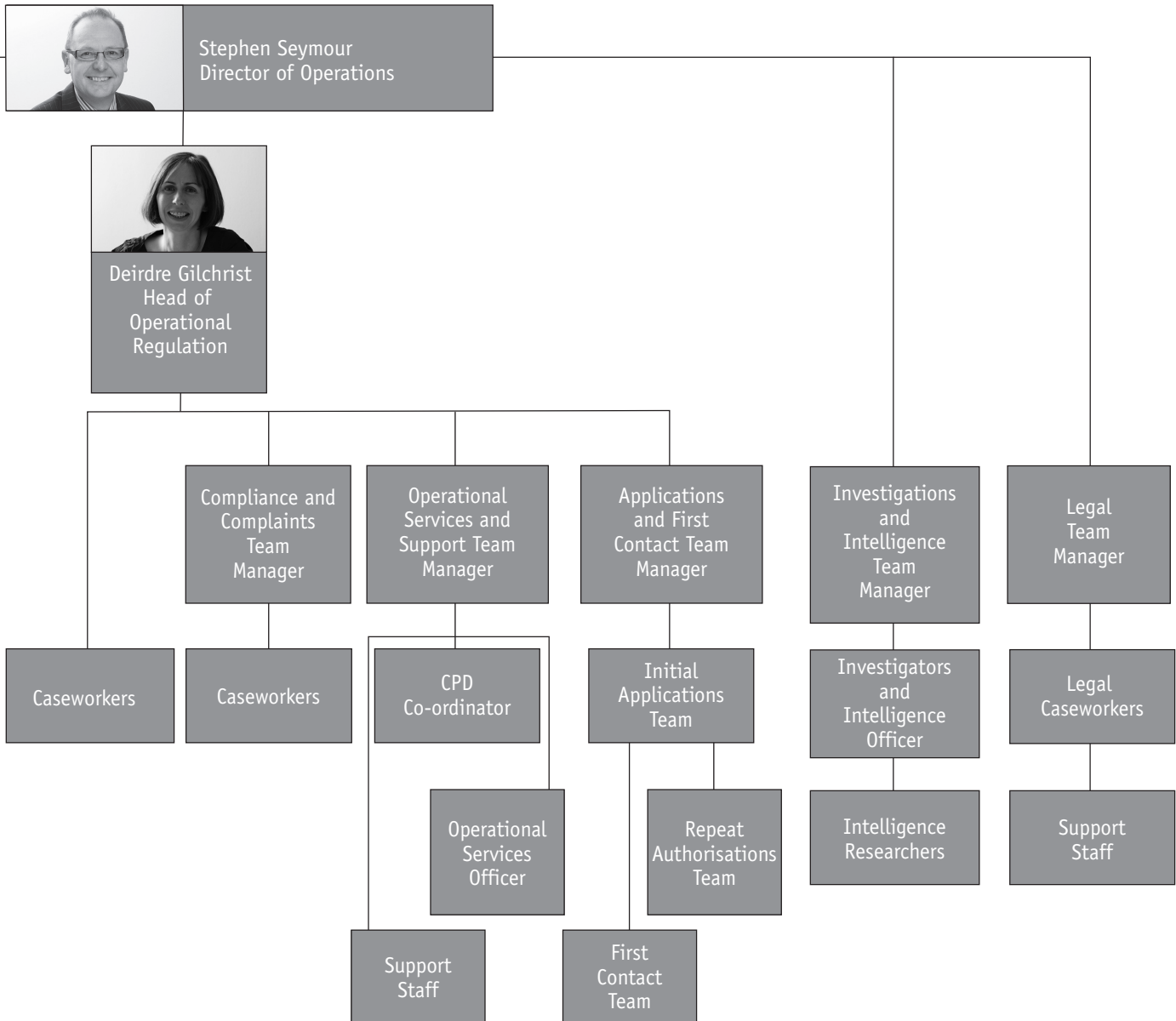
c. The Investigations and Intelligence Team

The Investigations and Intelligence Team seeks out and investigates alone, or jointly with other UK investigative bodies, allegations of unregulated immigration advice or services activity. As part of this work the team leads on the prosecution of specific OISC offences before the criminal courts. The team considers and disseminates intelligence received from various sources on prospective and regulated advisers and possible illegal activities.

d. The Legal Team

This team provides general legal advice to the Office and oversees the conduct of cases in the civil courts and tribunals, and assists the Commissioner in fulfilling her oversight regulation of the Designated Professional Bodies (DPBs) (see separate report on the DPBs at page 73).







The Corporate Support Service Teams

1. The Finance Team

The Finance Team is responsible for the preparation of the OISC's annual phased budget, production of monthly management accounts, monitoring of actual spend against budget, forecasting for full year spend and liaising with external and internal stakeholders including auditors.

The Head of Finance provides support to the OISC's Audit Committee, and has responsibility for asset management. She liaises with the OISC's Sponsor Unit in relation to general finance and other audit issues. She represents the OISC on Home Office working groups on all financial and reporting matters.

Other specific responsibilities of this team include maintenance of the OISC's accounting records, creditor payments, administering payroll and staff expenses, production of the OISC's annual accounts and contributing to the Home Office's consolidated accounts and other financial reports including financial returns to the Cabinet Office and HM Treasury.

2. The Human Resources and Facilities Team

The team is responsible for providing comprehensive personnel, training and development services for OISC staff. It is also responsible for facilities management and health and safety issues within the OISC. During 2012/13 the team continued its ongoing review of HR policies, ensuring that they meet both the organisation's business needs and its continued compliance with employment legislation. It also conducted several recruitment exercises.

The Head of HR is also responsible for the investigation of any complaints made against the OISC and its staff. During 2012/13 five substantive complaints were investigated of which two were not upheld. At the end of the year three were still being investigated. Staff attended 221 training and development days and several staff received support in their further education studies. Work continued in anticipation of the OISC moving to new accommodation.

3. The Information and Communications Technology (ICT) Team

The ICT Team has responsibility for the following areas:

- the provision (including support and maintenance) of the OISC's ICT infrastructure;
- the provision and support of internal and external facing IT and telecommunications services for the OISC;
- securing the OISC's ICT against external and internal threats;
- the maintenance and development of the OISC's core business database, Themis, and the OISC intranet; and
- providing ICT advice and information.

During 2012/13 the ICT Team concentrated on a number of different strands of work. The most significant of these were the continued development of Themis and the production of the ICT strategy review. Themis was further improved to enhance its usability, and its reporting capabilities were significantly upgraded. The ICT strategy review looked at the future provision of information and communications technology for the OISC taking into account the potential impacts of the anticipated office move.

Additionally, as a part of the OISC's ongoing knowledge management commitment, a further substantial update of the OISC intranet added a significant amount of extra data to the site as well as giving it a more user-friendly appearance.

4. The Policy, Publications and Stakeholders Team

This team provides guidance on the OISC's regulatory scheme and on the interpretation of relevant legislation, case law and wider regulatory concerns. It is responsible for liaison with the media, and it also contributes to discussions on possible legislative changes and assists at meetings with external stakeholders. The team represents the OISC at various stakeholder events and meetings, and manages the Office's internal and external communications, including the content of the OISC website, the *OISC Newsletter* and Guidance and Practice notes. The team is also responsible for ensuring that the Commissioner's framework documents remain relevant and up to date, drafting responses to external consultations and co-ordination of OISC consultation exercises. This team also acts as the secretariat for the Commissioners' Adviser Panel. Additionally, it is responsible for a range of events including the workshop programme.

Chapter 3: Statistical Report

Regulation of immigration advice

The organisations that the OISC regulates range widely from small community-based organisations and sole traders through to national charities with multiple offices and large specialist profit-making advisory services. The Immigration and Asylum Act 1999 distinguishes between OISC regulated organisations by dividing them into two specific categories: 'Registered' and 'Exempt'. The OISC defines these as follows:

- Registered organisations are mainly those 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 category 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 hold Legal Services Commission contracts enabling them to provide free advice to some clients while charging others.
- Exempt organisations generally operate in the voluntary or community sector. They do not charge clients for the advice or services they provide, and are referred to as 'Exempt' only because they do not have to pay the OISC's application fee.

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

The OISC's approach to regulation is 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. The OISC measures adviser competence and fitness in a number of ways – through its application processes, through competence assessments and through its audit programme.

Statistics on regulated organisations and advisers as at 31 March 2013

The following data give information on the size and breakdown of the OISC regulated sector at the end of 2012/13.

Table 1: Number of regulated organisations

	As at 31 March 2013	As at 31 March 2012
Registered	1,106	1,053
Exempt*	865	877
Total number of regulated organisations	1,971	1,930

*Includes Citizens Advice Bureaux offices at Level 1¹

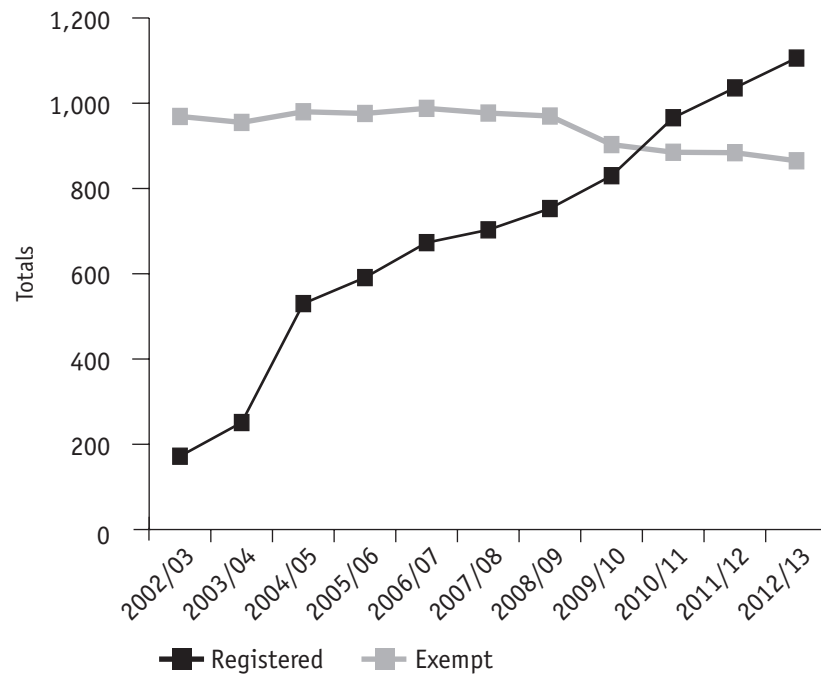
Table 2: Number of regulated advisers

	As at 31 March 2013	As at 31 March 2012
Registered	2,595	2,499
Exempt*	842	862
Registered and Exempted	23	14
Total number of regulated advisers**	3,460	3,375
Total number of regulated advisers including CAB	3,966	3,971

* Including advisers regulated through Citizens Advice Bureaux offices (596 in 2012 and 506 in 2013)

** Advisers who work for both Registered and Exempt organisations have not been double counted in the total

¹ There are over 500 Citizens Advice Bureaux (CAB) offices operating throughout the UK that are regulated to provide immigration advice and services mostly at Level 1. The Commissioner is satisfied with their internal mechanisms for dealing with complaints and service provision and as a result has granted a block exemption to the CAB.

Figure 1: Registered and Exempt organisations 2003–2013

As set out in the *Guidance on Competence*, the OISC regulates advisers at three different levels of competence:

- Level 1 – Advice and Assistance – these advisers are authorised to make applications as allowed under the Immigration Rules;
- Level 2 – Casework – these advisers are authorised to do all of the above as well as handling more complex Immigration Rules applications, applications outside of the Immigration Rules and applications as allowed under the Home Office’s concessionary or discretionary policies; and
- Level 3 – Advocacy and Representation – these advisers are permitted to do all of the work undertaken at Levels 1 and 2 plus any work pursuant to the lodging of a notice of appeal against a Home Office decision to refuse an application and the conduct of specialist casework.

The Advice Level an organisation is regulated at is tied to the highest authorised adviser in that organisation.

Table 3: Number of regulated organisations per region per level*

	Level 1		Level 2		Level 3		Total		Overall total
	Registered	Exempt	Registered	Exempt	Registered	Exempt	Registered	Exempt	
East Midlands	19	44	4	3	16	3	39	50	89
East England	33	73	7	4	18	2	58	79	137
London	342	101	69	21	216	33	627	155	782
North East	10	26	1	3	5	1	16	30	46
Northern Ireland	3	30	1	0	0	3	4	33	37
North West	54	73	11	1	41	7	106	81	187
Scotland	20	79	3	1	5	2	28	82	110
South East England	61	105	7	4	27	8	95	117	212
South West England	13	58	4	0	4	4	21	62	83
Wales	9	41	1	0	6	2	16	43	59
West Midlands	36	54	8	5	30	5	74	64	138
Yorkshire	27	45	4	10	28	14	59	69	128
Other	26	24	7	2	26	3	59	29	88
Total	653	753	127	54	422	87	1,202	894	2,096

*Organisations with premises in more than one region are counted in these figures more than once.

Table 4: Number of regulated advisers by Advice Level as at 31 March 2013

	Registered	Exempt	Registered and Exempt	CABs	Total as at 31/03/13	Total as at 31/03/12
Level 1	1,916	608	2	506	3,032	3,056
Level 2	223	138	9	0	370	363
Level 3	456	96	12	0	564	552
Total	2,595	842	23	506	3,966	3,971

Movement within the OISC regulated sector

An organisation that wishes to provide immigration advice or services in the UK may only do so in compliance with the 1999 Act. As such, they may be required to apply for entry into the OISC scheme.² Table 5 shows the number of such applications the OISC received during 2012/13.

² This does not include an already regulated OISC organisation wishing to add new advisers, an application by a registered organisation to continue within the scheme or an application to vary an organisation's existing Advice Level authorisation.

**Table 5: Applications by organisations to join the OISC regulatory scheme**

	Registered	Exempt	Total 2012/13	Total 2011/12
New applications received	220	20	240	260
Applications brought forward from 2011/12	50	5	55	74
Applications approved	178	15	193	256
Applications refused	19	4	23	13
Applications withdrawn	19	3	22	10
Applications carried forward into 2013/14	53	4	57	55

Once in the scheme, the Commissioner may change an organisation's or an adviser's Advice Level by either raising or lowering it.

Regulated organisations may also apply to add new advisers or vary the categories of work they undertake. The following tables reflect this.

Table 6(a): Movement within the regulated sector (organisations)

Applications from new organisations decided*	Organisations in the scheme that changed Levels	Organisation in the scheme that changed Registered/Exempt status	Continued registration applications decided	Total organisation applications decided during 2012/13*	Total organisation applications decided during 2011/12*
238	51	4	892	1,185	1,189

*This figure includes applications processed that were approved, refused and withdrawn.

Table 6(b): Movement within the regulated sector (individual advisers)

New adviser applications decided*	Adviser changed Levels	Adviser changed Registered/Exempt status	Total adviser applications decided 2012/13*	Total adviser applications decided 2011/12*
821	75	8	904	1,246**

* This figure includes applications processed that were approved, refused and withdrawn.

** This figure was misreported in the Annual Report 2011/12.

Regulated organisations and advisers may leave the scheme for a variety of reasons. During 2012/13 146 organisations and 627 advisers left the regulatory scheme.

Appeals made against a Commissioner's decision and charges brought by the Commissioner heard by the First-tier Tribunal (Immigration Services)

It is the Commissioner's statutory duty to protect the public from unfit or incompetent immigration advisers. Rejecting an application for continued registration or withdrawing an organisation's exemption and thus removing them from the scheme are serious decisions which the Commissioner does not take lightly. Such decisions amongst others carry a right of appeal to the First-tier Tribunal (Immigration Services), which also considers the Commissioner's applications to lay a disciplinary charge against a regulated adviser. If the latter is granted, an adviser may be prohibited from giving immigration advice for a particular period or indefinitely.

Table 7: Breakdown of appeals and charges 2003/04–2012/13

	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Appeals received	9	21	11	14	11	8	6	7	10	6
Appeals allowed	4	4	1	0	1	1	2	0	3	2
Appeals dismissed	2	5	3	5	3	4	3	1	3	7*
Appeals withdrawn	0	0	5	4	6	2	3	4	2	0
Charges brought	0	1	2	2	0	0	2	3	0	1
Charges upheld	0	1	0	2	0	0	0	1	0	0
Charges dismissed	0	0	1	2	0	0	0	0	2	0
Charges withdrawn	0	0	0	0	0	0	0	0	0	0

*This figure includes appeals brought forward from the previous year.

Complaints

The OISC's Complaints Scheme is an important part of the regulatory framework. Complaints against regulated advisers help the OISC to monitor competence and fitness while complaints against unregulated advisers help to bring illegal activity to the OISC's attention.

The OISC receives complaints from a wide range of sources.

Table 8: Breakdown of total complaints received 2001/02–2012/13

	Complaints against OISC regulated advisers	Complaints against DPB regulated advisers	Complaints against unregulated advisers	Total number of complaints received
2001/02	120	178	91	389
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
2007/08	238	98	158	494
2008/09	280	116	105	501
2009/10	379	74	125	578
2010/11	316	68	54	438
2011/12*	296	54	142	492
2012/13	290	22	113	425
Total	2,909	1,478	1,509	5,896

* From 1 April 2011 the Commissioner's oversight regulation was limited to the DPBs in Northern Ireland and Scotland.

Table 9: 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	Redirected successfully	Other	Total
155	18	0	10	8	32	8	10	54	15	310

*These totals include formal complaints carried forward from previous years.

Definitions

Substantiated:	The organisation was found to have breached the Commissioner's <i>Rules or Code of Standards</i> and/or a sanction was imposed
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 was 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 'decided', it is no longer considered a complaint under the Immigration and Asylum Act 1999
Redirected successfully:	A complaint referred back to the adviser complained about to process under their organisation's OISC approved complaints scheme
Other:	For example, the complaint was made anonymously and did not provide enough information for the OISC to open an investigation

Investigating illegal activity

The OISC undertakes investigations based on information received from a range of sources. The OISC has its own in-house Investigations Team which proactively gathers intelligence. As in previous years, the public remain the OISC's main source of information leading to investigations.

Table 10: Disposal of investigations

Prosecutions	Not in public interest	Under DPB supervision	Cautions	Witness/Suspect left UK	Insufficient evidence	Passed to another agency	Failure of witness co-operation	Outside time/jurisdiction
*25 (36)	17	4	**11 (13)	23	35	7	7	10

* Figure outside of brackets represents the actual number of persons convicted. The bracketed figure represents the number of separate complaints disposed of through conviction.

** Figure outside of brackets represents the actual number of persons cautioned. The bracketed figure represents the number of separate complaints disposed of through caution.

Disposal of investigations

On 1 April 2013 there were 122 open cases. During 2012/13 we received a further 113 complaints about alleged unregulated advisers. A total of 152 investigations were closed. At the end of 2012/13 there were 24 defendants awaiting trial.

Table 11: Breakdown of prosecutions 2001/02–2012/13

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
2007/08	15	28
2008/09	13	27
2009/10	26	9
2010/11	24	8
2011/12	14	4
2012/13	25	11
Total	168	107

If they agree, an offender may be dealt with by the OISC by way of formal caution. In deciding if a caution is appropriate, the Commissioner will take the following into account:

- The offence is in isolation and is of a less serious nature
- The offence is considered minor
- The impact on the victim is minimal
- There is only minor financial gain
- The risk of reoffending is minimal
- The court is likely to impose a nominal penalty
- The offender's antecedents, as known to the OISC
- The steps taken by the offender to stop providing unlawful advice/services
- The steps taken by the offender to provide advice/services lawfully
- The adviser caused only minor abuse when acting above their authorised level.

Table 12: Breakdown of sanctions and convictions 2012/13

Prison	12
Suspended prison sentence	12
Community punishment order	1
Conditional discharge	0

In passing sentence some defendants received additional ancillary punishments.

Chapter 4: Key Performance Indicators

Introduction

The OISC measures its performance against published Key Performance Indicators (KPIs). The data produced help the organisation to examine and assess delivery of its key day-to-day functions.

The OISC's current KPIs measure three main areas:

- Performance in relation to its regulatory activities. These KPIs monitor application processing, delivery of the OISC's audit programme, complaint resolutions and determinations, and challenges to the Commissioner's appealable decisions.
- Performance in relation to activity controlling illegal immigration advice and services activity.
- Performance in relation to internal operations, particularly acknowledgment of applications and complaints and payment of undisputed invoices.

	Target	Outcome 2012/13		Outcome 2011/12	
KPI 1: New Applications					
a) Percentage of completed applications decided within 3 months of receipt	75	74	✗	71	✗
b) Percentage of completed applications decided within 6 months of receipt	95	95	✓	94	✗
KPI 2: Continued Registration					
a) Percentage of completed applications decided within 15 working days of receipt	70	73	✓	74	✓
b) Percentage of completed applications decided within 3 months of receipt	80	94	✓	91	✓
c) Percentage of completed applications decided within 5 months of receipt	95	98	✓	95	✓
KPI 3: Audits					
Number of audits to be undertaken in the business year	350	377	✓	368	✓
KPI 4: Complaints					
a) Percentage of complaints about OISC advisers decided within 6 months of receipt	75	76	✓	80	✓
b) Percentage of complaints about OISC advisers decided within 12 months of receipt	95	96	✓	99	✓
KPI 5: Appeals					
Percentage of Commissioner's decisions to stand following an appeal lodged with the First-tier Tribunal (Immigration Services)	75	78	✓	50	✗

	Target	Outcome 2012/13	Outcome 2011/12
KPI 6: Unregulated Organisations			
Number of unregulated organisations identified in the business year	400	400 ✓	409 ✓
KPI 7: Unregulated Organisations			
Resolve the status of unregulated organisations	200	234 ✓	238 ✓
KPI 8: Internal Response Targets			
a) Percentage of applications acknowledged within 5 working days of receipt	95	99 ✓	99 ✓
b) Percentage of written complaints acknowledged within 5 working days of receipt	95	98 ✓	98 ✓
KPI 9: Internal Response Targets (Finance)			
a) Percentage of undisputed invoices paid within 10 working days	60	80 ✓	80 ✓
b) Percentage of undisputed invoices paid within 20 working days	80	98 ✓	96 ✓
c) Percentage of undisputed invoices paid within 30 working days	100	100 ✓	100 ✓

KPIs for 2012/13

KPIs that measure regulatory activity – applications and audits

Applications to the OISC fall into various categories – applications from organisations to join the regulatory scheme, organisations that wish to change their Advice Level, change their advisers or make some other substantive alteration in their activities, and annual applications from for-profit organisations wishing to renew their registration. The OISC captures in its KPIs its processing of initial applications and applications for continued registration.

New applications

KPI 1a – *75% of completed applications decided within three months of receipt* –
The OISC decided 74% of new applications within three months, and thus narrowly missed the target set.

KPI 1b – *95% of completed applications decided within six months of receipt* –
The OISC decided 95% of completed applications within six months.

At the end of 2012/13 there were 57 applications open of which four were more than six months old.

Applications for continued registration

The OISC met all three of the KPIs under this heading.

KPI 2(a) – *70% of completed applications decided within 15 working days of receipt* –
The OISC decided 73% of continued registration applications within the time period.

KPI 2(b) – *80% of completed applications decided within three months of receipt* –
The OISC decided 94% of continued registration applications within the time period.

KPI 2(c) – *95% of completed applications decided within five months of receipt* –
The OISC decided 98% of continued registration applications within the time period.

Audits

KPI 3 – *350 audits to be completed between 1 April 2012 and 31 March 2013*

The OISC took the decision in 2010/11 to make greater use of audit as a tool to help in ensuring that only fit and competent advisers are allowed into the regulatory scheme and to remain there. To that end the OISC decided to increase the number of audits and to count for the purposes of this KPI not only audits of regulated organisations, but also those carried out before an organisation is allowed into the regulatory scheme (pre-registration audits).

The OISC exceeded the target conducting 377 audits (nine more than in 2011/12 and 45 more than in 2010/11 and with no increase in resources). Of these 49 were pre-registration audits.

KPIs that measure complaint processing

159 complaints were brought forward from 2011/12. During 2012/13 the OISC received 290 complaints against OISC regulated organisations and decided 375 complaints. 75 complaints were redirected to the respective organisations against which they were made. 74 complaints have been carried forward into 2013/14.

KPI 4 (a) – *75% of written complaints about OISC advisers to be resolved or determined within six months of receipt* – The OISC met this target, resolving or determining 76% of written complaints within the period.

KPI 4 (b) – *95% of written complaints about OISC advisers to be resolved or determined within six months of receipt* – The OISC met this target, resolving or determining 96% of written complaints within the period.

KPIs that measure the number of Commissioner’s decisions that remain standing following an appeal to the First-tier Tribunal (Immigration Services)

KPI 5 – *75% of the Commissioner’s decisions to stand following an appeal lodged with the First-tier Tribunal (Immigration Services)* – The OISC met this KPI with 78% of the Commissioner’s decisions standing following an appeal.

During 2012/13 101 appealable decisions were made by the OISC which resulted in six cases being lodged with the Tribunal in addition to the eight cases that were ongoing at the end of 2011/12. During the year seven cases were won and two were lost with five cases ongoing.

KPIs that measure the OISC’s control of illegal immigration advice and services activities

KPI 6 – *Identification of 400 unregulated organisations*

KPI 7 – *Resolution of the status of 200 unregulated organisations*

The OISC met both these KPIs by identifying 400 unregulated organisations and resolving the status of 234 unregulated organisations.

KPIs that measure how long it takes the OISC to process activities internally

KPI 8 – *95% of applications and written complaints acknowledged within five working days of receipt* – The OISC acknowledged 99% of applications and 98% of written complaints within five working days of receipt.

KPI 9 (a) – *60% of full year undisputed invoices paid within 10 working days*

KPI 9 (b) – *80% of full year undisputed invoices paid within 11–20 working days*

KPI 9 (c) – *100% of full year undisputed invoices paid within 30 working days*

The OISC met all of its finance KPIs by paying 80% of full year undisputed invoices within 10 working days, 98% of such invoices within 20 working days and 100% within 30 working days.

Annex: Glossary

ARIA	<p>Association of Regulated Immigration Advisers</p> <p>ARIA is a professional membership body whose membership is open to OISC advisers and others.</p>
DPB	<p>Designated Professional Body</p> <p>The DPBs are the:</p> <ul style="list-style-type: none"> • Law Society of Scotland; • Law Society of Northern Ireland; • General Council of the Bar of Northern Ireland; and • Faculty of Advocates. <p>The Immigration Services Commissioner has statutory oversight responsibilities in respect of the effective regulation by the bodies in Scotland and Northern Ireland of their members in the provision of immigration advice and/or services.</p>
DQR	<p>Designated Qualifying Regulator</p> <p>The DQRs are the:</p> <ul style="list-style-type: none"> • Law Society of England and Wales; • Chartered Institute of Legal Executives; and • General Council of the Bar of England and Wales.
Exempt organisations	<p>OISC regulated organisations classified as 'Exempt' generally operate in the voluntary or community sector. They do not charge clients for the advice or services they provide, and are referred to as 'Exempt' only because they do not have to pay the OISC's fee.</p>
First-tier Tribunal (Immigration and Asylum Chamber)	<p>The First-tier Tribunal (Immigration and Asylum Chamber) deals with appeals against decisions made by the Home Secretary and her officials in immigration, asylum and nationality matters.</p>

First-tier Tribunal (Immigration Services)	<p>The First-tier Tribunal (Immigration Services) hears appeals against decisions made by the Immigration Services Commissioner and considers disciplinary charges brought against immigration advisers by the Commissioner.</p> <p>It has assumed the work previously done by IMSeT.</p>
Home Office	<p>The Home Office is the UK government department with responsibility for immigration, asylum, nationality and citizenship matters.</p>
ILPA	<p>Immigration Law Practitioners' Association</p> <p>ILPA is a professional membership body whose membership is open to OISC advisers and others.</p>
IMSeT	<p>Immigration Services Tribunal</p> <p>See First-tier Tribunal (Immigration Services).</p>
Registered organisations	<p>OISC regulated organisations classified as 'Registered' are mainly those 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 category 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 contained in this group. Some Registered organisations may hold Legal Services Commission contracts enabling them to provide free advice to some clients while charging others.</p>
UKBA	<p>The UK Border Agency</p> <p>The UKBA was the Home Office agency that dealt with immigration, asylum, nationality and citizenship issues. The agency's abolition was announced in March 2013.</p>
Upper Tribunal	<p>The Upper Tribunal (Immigration and Asylum Chamber) is a superior court of record dealing with appeals against decisions made by the First-tier Tribunal (Immigration and Asylum Chamber).</p>

Statement of Accounts 2012/13

Foreword

This Statement of Accounts reports the results of the Office of the Immigration Services Commissioner (OISC) for the year 1 April 2012 to 31 March 2013. It has been prepared in accordance with the Accounts Direction given by the Secretary of State for the Home Department with the consent of HM 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 by authority of the Act.

The Act established the OISC as an independent body with a remit 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. The OISC was 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. The Home Secretary 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 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;

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- 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 or 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 or 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.

Mrs McCarthy was subsequently reappointed to serve for a second term until 4 September 2015. The Home Secretary also under the Act appointed Dr Ian Leigh as Deputy Immigration Services Commissioner for a period of five years from 7 February 2011.

During the year 2012/13 neither the Commissioner nor the Deputy Commissioner held company directorships or other significant interests which could have posed a conflict with their management responsibilities at the OISC.

In addition to holding the post of Immigration Services Commissioner (the Commission works 0.6fte), during the year Mrs McCarthy held the following public appointments:

- Non-Executive Director – Public Guardian Board
- Non-Executive Director – Human Tissue Authority

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- Member, The Pensions Regulator's Determinations Panel
 - Chairman, General Chiropractic Council
 - Independent Appointed Person – Greater London Authority
 - Independent Appointed Person – London Emergency and Fire Planning Authority

Information on salary and pension entitlements for the Commissioner and Deputy Commissioner is contained in the Remuneration Report.

4. Corporate governance

This Statement of Accounts includes on pages 48 to 51 a Governance statement.

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 (Internal Audit Services) to provide internal audit services from 1 April 2001.

During 2012/13, £9,462 (2011/12: £15,018) was paid to the Internal Audit Unit in respect of audit services.

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 2012/13 was £20,000 (2011/12: £20,000).

An Audit Committee was set up in November 2001 and was chaired by the then Commissioner until the appointment of a non-executive Chairman in March 2003. The Audit Committee terms of reference are annually reviewed. The members of the Audit Committee and their terms of appointment are:

- Terry Price – appointed Chairman from 1 January 2012 until 31 December 2014
- John King – reappointed until 31 October 2015
- Alan Rummins – appointed 13 March 2012 until 12 March 2015
- Peter Wrench – appointed 13 March 2012 until 12 March 2015

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

The SMT, chaired by the Commissioner, also meets monthly to review and advise upon the OISC's policies and management and to monitor major strategy, budgetary and operational issues and activities. The corporate risk register is owned by this group and is reviewed by them quarterly.

5. Results for the period

The accounts for the year 1 April 2012 to 31 March 2013 are set out on pages 55 to 58. The notes on pages 59 to 73 form part of the accounts.

In accordance with Schedule 5 paragraph 20 of the Act, the OISC's financial statements cover the period 1 April 2012 to 31 March 2013, 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 HM Treasury.

Grant-in-Aid from the Home Office funds the activities of the OISC. In 2012/13 the resource allocated to the OISC by the Home Office was £3,987,548 (2011/12: £3,680,800). This resource has been used efficiently to meet the year's business plan targets. Any additional expenditure (Capital Reserve) that has been met out of cash brought forward from previous accounting periods has had the approval of the Sponsor Unit.

The total net expenditure for the year was £4,069,983 of which £2,539,075 were employment costs.

6. Research and development

The OISC capitalised development costs of £97,557 (2011/12: £Nil) on the CPD platform during the year ended 31 March 2013 and £Nil (2011/12: £8,832) on developing its database.

7. Charitable donations

No charitable donations were made in the year ended 31 March 2013 (2011/12: £Nil).

8. Changes in non-current assets

The OISC purchased additional IT equipment worth £58,162 (2011/12: £6,879).

9. Post reporting period events

From 1 April 2013, following the abolition of the UK Border Agency, the unit responsible for sponsorship of the OISC transferred to the Home Office.

10. Compliance with public sector payment policy

The OISC policy, in line with Government policy introduced in October 2009, is to pay all invoices within 10 days of receipt, unless a longer payment period has been agreed or the amount billed is in dispute. In the year ended 31 March 2013, 80% (2011/12: 80%) of invoices were paid within 10 days of receipt.

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 are 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 is not required to provide a sustainability report but seeks to minimise the impact of its activities on the environment. It has adopted the Home Office Environmental Policy in so 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 seeks to reduce the use of paper by maximising its use of 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. Equality and diversity

The OISC recognises the business benefits of having a diverse workforce and is committed to maintaining a culture in which diversity and equality are actively promoted and where discrimination is not tolerated.

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.

The OISC recognises the Public and Commercial Services Union for collective bargaining purposes.

15. Employees with protected characteristics under the Equality Act 2010

The OISC operates a fair and open selection policy relating to applications for employment and internal promotion. The OISC published its Equality Scheme on 1 August 2011 which specified all the protected characteristic areas as defined by the Equality Act 2010. The Equality Scheme contained an action plan setting out how the OISC would implement and monitor it.

16. Sickness data

The OISC lost 384 working days owing to sick absence during 2012/13 (2011/12: 417 days), the equivalent of 3.01% (2011/12: 3.21%) of the total number of working days available.

17. Future developments

The OISC will continue to concentrate on delivery of its principal activities in order to ensure that those who provide immigration advice or 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 both with regard to 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.

18. Going concern

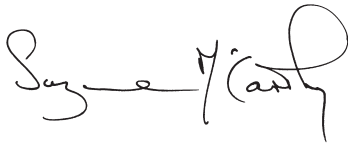
The OISC's Grant-in-Aid for 2013/14 was approved with a 1% decrease on 2012/13 in line with reductions in public spending.

There is a reasonable expectation that the OISC will continue in operational existence for the foreseeable future. Accordingly, we continue to adopt the going concern basis in preparing the annual report and accounts.

19. Disclosure of relevant audit information

As Accounting Officer I confirm that:

- there is no relevant audit information of which the auditors to the Office of the Immigration Services Commissioner 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 2013

Remuneration Report (Audited)

Part V of the Immigration and Asylum Act 1999, 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. The Commissioner heads the OISC, and she and the Deputy Commissioner are Ministerial appointees. Suzanne McCarthy took up her appointment on 5 September 2005, and was reappointed for a second five years, finishing in September 2015. Dr Ian Leigh took up his appointment as Deputy Commissioner on 7 February 2011 for 5 years in accordance with Schedule 5 of the Immigration and Asylum Act 1999.

Salary and pension entitlements

The following sections provide details of the remuneration and pension interests of the most senior members of the OISC.

'Salary' includes gross salary; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowances to the extent that it is subject to UK taxation.

There were no bonuses paid in the year.

2012/13				2011/12			
	Salary (exc Non- Consol Perf Pay)	Non- consolidated performance pay	Benefits in kind		Salary (exc Non- Consol Perf Pay)	Non- consolidated performance pay	Benefits in kind
	£'000	£'000	Nearest £'000		£'000	£'000	£'000
Suzanne McCarthy Commissioner	65–67.5* 110–112.5**	0	0	Suzanne McCarthy Commissioner	65–67.5* 110–112.5**	0	0
Dr Ian Leigh Deputy Commissioner	52.5–55* 65–67.5**	0	0	Dr Ian Leigh Deputy Commissioner	52.5–55* 65–67.5**	0	0
Band of highest paid Commissioner's total remuneration (£'000)	110–112.5			Band of highest paid Commissioner's total remuneration (£'000)	110–112.5		
Median total remuneration (£'000)	32.5–35			Median total remuneration (£'000)	35–37.5		
Ratio	3			Ratio	3		

* The Commissioner works 0.60fte and Deputy Commissioner works 0.83fte.

** Full time equivalent salary.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the OISC and treated by HM Revenue and Customs as a taxable emolument. Neither the Commissioner nor the Deputy Commissioner received benefits in kind for 2012/13 or 2011/12.

Pension benefits

	Accrued pension at pension age as at 31/03/12 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/03/12	CETV at 31/03/13	Real increase in CETV as funded by employer
	£'000	£'000	£'000	£'000	£'000
Suzanne McCarthy Commissioner	£0-5	£0-2.5	£79	£99	£17
Dr Ian Leigh* Deputy Commissioner	N/A	N/A	N/A	N/A	N/A

* The Deputy Commissioner is currently not an active member of the scheme and as such there are no pension figures to disclose.

Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 30 July 2007, civil servants may be in one of four defined benefit schemes; either a 'final salary' scheme (**classic**, **premium** or **classic plus**); or a 'whole career' scheme (**nuvos**). These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under **classic**, **premium**, **classic plus** and **nuvos** are increased annually in line with changes in the Consumer Price Index (CPI). Members who joined from October 2002 could opt for either the appropriate defined benefit arrangement or a good quality 'money purchase' stakeholder pension with a significant employer contribution (**partnership** pension account).

Employee contributions are set at a rate between 1.5% and 3.9% of pensionable earnings for **classic** and between 3.5% and 5.9% for **premium**, **classic plus** and **nuvos**. Benefits in **classic** accrue at the rate of 1/80th of final pensionable earnings 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. **Classic plus** is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per **classic** and benefits for service from October 2002 worked out as in **premium**. In **nuvos** a member builds up a pension based on their pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in

that scheme year and, immediately after the scheme year end, the accrued pension is uprated in line with CPI. In all cases members may opt to give up (commute) pension for lump sum up to the limits set by the Finance Act 2004.

The **partnership** pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of three providers. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of **classic**, **premium** and **classic plus** and 65 for members of **nuvos**.

Further details about the Civil Service pension arrangements can be found at the website www.civilservice.gov.uk/pensions

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (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 figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional years of pension benefits at their own cost. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include 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.



Suzanne McCarthy
Immigration Services Commissioner and Accounting Officer
25 June 2013

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, changes in taxpayers' equity 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* (FRoM) 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 FRoM 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 HM Treasury and published in *Managing Public Money*.

OISC Governance Statement 2012/13

As a Corporation Sole I am accountable for all actions of the OISC undertaken in my name. I am the organisation's Accounting Officer and Consolidation Officer, and I am responsible for safeguarding the public funds for which I have charge, for ensuring propriety and regularity in the handling of those funds, and for the OISC's day-to-day operations and management. I am answerable to the Home Secretary for the OISC's activities and performance, and accountable to Parliament through her. I do not carry out functions on behalf of the Crown, nor am I a servant of the Crown.

I am assisted in undertaking these responsibilities by the Deputy Commissioner, who is also appointed by the Secretary of State, and who is empowered to act in my place at any time when I am unable to discharge my functions.

I am advised by an Audit Committee, consisting of four non-executive members appointed by me, one of whom acts as chairman. This Committee's main aims are to support me in ensuring the proper stewardship of the OISC's resources and assets; to oversee financial reporting; and to monitor the effectiveness of the OISC's audit arrangements, governance, and the management of risk. The Committee meets at least four times a year. Its meetings are attended by me, the Deputy Commissioner and the Head of Finance, together with representatives of the OISC's internal and external auditors (the Home Office Internal Audit Unit (IAU) and the National Audit Office respectively). In 2012/13 there was full attendance at all meetings of the Committee.

Ministerial confirmation of the OISC's continuing existence as an executive, non-departmental, public body in October 2011 allowed a challenging and innovative three-year Corporate Plan to be developed for the period 2012–15. The associated Business Plan for 2012/13 contained targets aimed at continuing to improve the effectiveness of the OISC's regulatory operations. The Audit Committee has closely monitored the delivery of those aims which are specifically focused on improving operational regulatory effectiveness. A Business Plan for 2013/14 has been developed to build on the achievements of the first year of the Corporate Plan.

The OISC operates under the terms of a Management Statement and Financial Memorandum agreed with the Home Office. This is under review with the intention of the parties agreeing a new Framework Document in due course. However, as Corporation Sole and Accounting Officer, I have the right to make all decisions regarding the running of the OISC. The organisation does not have a management board with non-executive members. The OISC's executive Senior Management Team (SMT) acts in that capacity, meeting monthly under my chairmanship to monitor,

report and advise upon financial, operational and strategic issues for which I maintain personal responsibility. The agenda for every meeting includes consideration of management accounts, Key Performance Indicators and reports from each section manager. All corporate policies are reviewed on a rolling three-year cycle (or earlier if changes are required) and these are available to all staff electronically. Copies of the SMT's Board papers, including minutes, are circulated on a monthly basis to the member of the OISC's Audit Committee.

I receive external assurance on the robustness of the OISC's corporate governance arrangements principally through a formal audit undertaken annually by the IAU. This was conducted in February 2013. It did not identify any critical weaknesses requiring immediate attention, and it concluded that, although there was a need for some improvements in the specific area of business continuity planning, systems generally operated effectively. Risks to the Accounting Officer were considered to be generally well managed.

The OISC maintains a corporate risk register which clearly identifies risks, mitigation measures and responsibilities. This register is formally considered and updated at least every three months by the SMT, and it is reviewed by the Audit Committee at every meeting. Each OISC team maintains a more detailed local risk register which informs, and is informed by, the corporate document. Risk registers are held electronically and are accessible to all staff.

In 2012/13 key areas covered by the OISC's corporate risk register included: financial management; relationships with government; reputation; information security; staffing; and accommodation.

The OISC was exposed to two risks in the course of the year which are worth highlighting. The first concerned managing within the organisation's approved budget. Routine expenditure proceeded according to plan, but unexpected and unavoidable legal costs were incurred including defending one individual's challenge of my regulatory actions in the High Court. Whilst the action was eventually struck out, it resulted in significant additional unplanned expenditure being unavoidably incurred. However, prudent measures were taken to reduce costs (for example, by delaying the recruitment of staff to fill vacancies) which, combined with a welcome reduction in the OISC's accommodation service charge, resulted in the OISC not having to seek additional funding.

The second highlighted risk – which was also outside the OISC's control – arose from a central government direction forcing the OISC to close its commercial bank account and join the Government Banking Service (GBS). This was vigorously opposed by the OISC on the grounds that it did not represent value for money for

the organisation, and our prediction of bank charges doubling has proved to be an under-estimate. In addition, the OISC is now facing unforeseen risks as it becomes clear that controls that were inherent in the previous commercial arrangement are either no longer available or are too costly to introduce with the GBS account. Specific mitigation measures are being implemented promptly as these risks are identified.

The OISC's lease is due to expire in September 2013, and considerable effort continues to be devoted to identifying suitable accommodation for the Office to occupy thereafter. This process introduces both uncertainty and risk, the latter becoming more tangible as the deadline approaches.

A wide-ranging programme of internal audit is undertaken each year. This addresses activities identified by management, auditors and independent Audit Committee members, and is informed by an analysis of the risks to which the OISC is exposed and by the Home Office's Assurance Framework. In 2012/13 audits were undertaken covering:

- Legal Team processes;
- Intelligence Team processes;
- training processes;
- payroll processes; and
- corporate governance.

All five of the audits listed above were rated 'amber green', confirming that the systems studied 'generally operate effectively'. These audits have been particularly useful in identifying areas where systems which work effectively on a day-to-day basis could be made more robust by reviewing and updating the formal procedures which underpin them, amongst other findings. Recommendations for improvement arising from each of these reports are being addressed. The IAU's Annual Opinion based on the audit coverage during 2012/13 has therefore concluded that risks to the Accounting Officer are generally well managed; material errors and failures which arise are detected and rectified promptly and effectively.

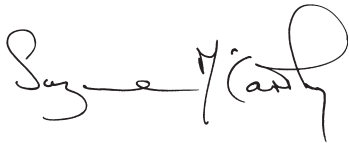
Additionally, the OISC has participated in the Home Office's fraud risk and threat impact assessment exercise which involved relevant processes being scrutinised by contractors from Grant Thornton in January 2013.

I have nothing specific to report in relation to managing the risk of financial loss, handling information risk, health and safety plans or security incidents. All are subject to well-defined processes which are reviewed at appropriate intervals, and no incidents have occurred which require reporting. The IAU has identified the

OISC's Business Continuity Plan as being in need of updating, communication and testing – although weaknesses were not deemed critical. These recommendations have been accepted and work is under way to address them.

There have been no non-trivial lapses of data security, and no occurrences of fraud, corruption or bribery in 2012/13. The only significant new risks that were identified during the year are those associated with our migration to the GBS (mentioned above). I am conscious that the OISC's move to new accommodation in 2013/14 will present challenges in terms of ensuring continuity of service, but I am confident that appropriate steps are already being taken to identify and mitigate the associated risks.

In summary, I am therefore satisfied that the resources for which I am responsible continue to be subject to appropriate control, and that the corporate governance of the OISC remains fully fit for purpose.



Suzanne McCarthy
Immigration Services Commissioner and Accounting Officer
25 June 2013

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 2013 under the Immigration and Asylum Act 1999. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; 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 Accounting Officer and auditor

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Immigration and Asylum Act 1999. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Office of the Immigration Services Commissioner's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Office of the Immigration Services Commissioner; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on regularity

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

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Office of the Immigration Services Commissioner's affairs as at 31 March 2013 and of the net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Immigration and Asylum Act 1999 and Secretary of State directions issued thereunder.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Secretary of State directions made under the Immigration and Asylum Act 1999; and
- the information given in the Foreword for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Amyas C E Morse

Comptroller and Auditor General

National Audit Office

157-197 Buckingham Palace Road

Victoria

London

SW1W 9SP

26 June 2013

Statement of Comprehensive Net Expenditure

For the year ended 31 March 2013

		2012/13		2011/12	
	Note	£'000	£'000	£'000	£'000
<i>Expenditure</i>					
Staff costs	4		2,539		2,584
Other expenditure	5		<u>1,551</u>		<u>1,690</u>
			4,090		4,274
<i>Other income – payable to the Home Office</i>					
Fee income	3	(1,055)		(1,001)	
Other income	3	(21)		(8)	
Interest receivable		0		(1)	
Corporation tax		<u>0</u>		<u>(6)</u>	
		(1,076)		(1,016)	
Appropriation due to the Home Office		<u>1,056</u>		<u>1,008</u>	
			(20)		(8)
Net expenditure*			<u>4,070</u>		<u>4,266</u>

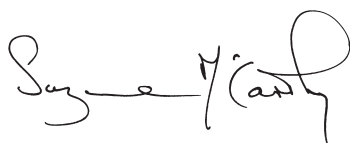
* All income and expenditure is derived from continuing activities.

The notes on pages 59 to 73 form part of these accounts.

Statement of Financial Position

For the year ended 31 March 2013

	Note	31 March 2013		31 March 2012	
		£'000	£'000	£'000	£'000
Non-current assets					
Property, plant and equipment	6		145		259
Intangible assets	7		250		285
Total non-current assets			395		544
Current assets					
Trade and other receivables	8	201		366	
Cash and cash equivalents	11	562		174	
Total current assets			763		540
Total assets			1,158		1,084
Payables and provisions					
Amounts due within one year	9	(489)		(314)	
Total current liabilities			(489)		(314)
Total net current assets			669		770
Non-current liabilities					
Amounts due after more than 1 year	9	0		(19)	
Provisions for liabilities and charges	10	(266)		(266)	
			(266)		(285)
Assets less liabilities			403		485
Taxpayers' Equity					
General Fund			388		470
Revaluation reserve			15		15
Total Taxpayers' Equity			403		485



Suzanne McCarthy
Immigration Services Commissioner and Accounting Officer
25 June 2013

The notes on pages 59 to 73 form part of these accounts.

Statement of Cash Flows

For the year ended 31 March 2013

	2012/13	2011/12
	£'000	£'000
Cash flows from operating activities		
Net deficit after interest paid	(4,070)	(4,266)
<i>Adjustments for non-cash costs</i>		
Adjustment for depreciation and amortisation	305	283
Interest received	0	(1)
(Increase)/Decrease in trade and other receivables	165	(43)
Increase/(Decrease) in trade payables	156	26
Net cash outflow from operating activities	<u>(3,444)</u>	<u>(4,001)</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(58)	(7)
Purchase of intangible assets	(98)	(9)
Interest received	0	1
Net cash outflow from investing activities	<u>(156)</u>	<u>(15)</u>
Cash flows from financing activities		
Grant-in-Aid	3,988	3,681
Net cash flow from financing activities	<u>3,988</u>	<u>3,681</u>
Net increase/(decrease) in cash and cash equivalents in the period	388	(335)
Cash and cash equivalents at the beginning of the period	174	509
Cash and cash equivalents at the end of the period	<u>562</u>	<u>174</u>

The notes on pages 59 to 73 form part of these accounts.

Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2013

	General Reserve £'000	Revaluation Reserve £'000	Total £'000
Balance at 1 April 2011	1,055	15	1,070
Changes in taxpayers' equity for 2011/12			
Net expenditure for year ended 31 March 2012	(4,266)	0	(4,266)
<i>Total recognised income and expense for 2011/12</i>	(4,266)	0	(4,266)
Grant-in-Aid	3,681	0	3,681
Balance at 31 March 2012	470	15	485
Changes in taxpayers' equity for 2012/13			
Net expenditure for year ended 31 March 2013	(4,070)	0	(4,070)
<i>Total recognised income and expense for 2012/13</i>	(4,070)	0	(4,070)
Grant-in-Aid	3,988	0	3,988
Balance at 31 March 2013	388	15	403

The notes on pages 59 to 73 form part of these accounts.

Notes to the Accounts

1 Statement of Accounting Policies

Basis of Accounts

These financial statements have been prepared in accordance with the 2012/13 *Government Financial Reporting Manual* (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy that is judged to be most appropriate to the particular circumstances of the OISC for the purpose of giving a true and fair view has been selected. The particular policies adopted by the OISC are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

Accounting Conventions

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment, intangible assets and inventories.

Standards in issue but not yet effective

IAS8, 'Accounting policies, changes in accounting estimates and errors', requires disclosures in respect of new IFRS, amendments and interpretations that are, or will be, applicable after the reporting period. There are a number of IFRS, amendments and interpretations that have been issued by the International Accounting Standards Board that are effective for financial statements after this reporting period. None of these new or amended standards and interpretations are likely to be applicable or are anticipated to have a future material impact on the financial statements of the OISC.

Grant-in-Aid

Grant-in-Aid and grant received used to finance activities and expenditure which supports the statutory and other objectives of the OISC are treated as financing and are credited to the General Reserve because they are regarded as contributions from a controlling party.

Going concern

The OISC's Grant-in-Aid for 2013/14 was approved with a 1% decrease on 2012/13 in line with reductions in public spending.

There is a reasonable expectation that the OISC will continue in operational existence for the foreseeable future. Accordingly, we continue to adopt the going concern basis in preparing the annual report and accounts.

Non-current assets

Assets are capitalised as non-current 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. Non-current assets are revalued only when impact is material 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.

Depreciation and amortisation

Depreciation is provided on all non-current assets on a straight-line basis over the asset's anticipated life as follows:

Office refurbishments	on a straight-line basis over the remaining term of the lease
Computer equipment	on a straight-line basis over 3.5 years
Furniture and office equipment	on a straight-line basis over 3.5 years
Database software	on a 20% reducing balance basis
CPD platform	on a straight-line basis over 3.5 years
CPD licences	on a straight-line basis over the life of the licence

The dilapidation provision

For property provisions, the OISC recognises a dilapidation provision for the leased premises currently occupied where it has an obligation to bring the property into a good state of repair at the end of the lease. In line with IAS37, 'Provisions, contingent liabilities and assets', the costs of reinstatement have also been recognised as a tangible non-current asset, under the fit-out costs for Counting House, and will be depreciated over the period to the first break clause of the lease.

A provision for Floor 5, Counting House, 53 Tooley Street, London SE1 2QN has been created for £266k which will be depreciated over 3.5 years to the first break clause in the lease to 30 September 2013.

Fee income

Fees that accompany applications to the Commissioner for registration or continued registration are recognised in the Statement of Comprehensive Net Expenditure as and when they are received. All fees are held by the Commissioner in a separate bank account from that used for the running expenses of her Office and are remitted in full to the Home Office on a quarterly basis.

Under paragraph 5(2) of Schedule 6 of the Immigration and Asylum Act 1999 the Commissioner cannot entertain an application for either registration or continued registration unless the application is accompanied by the specified fee.

Except where a fee was received in error or a mistake was made in accepting that fee by the OISC, fees are non-refundable either in full or in part.

The Commissioner is required to prepare an Annual Report for the Secretary of State on the extent to which each Designated Professional Body over which she retains regulatory oversight has provided effective regulation of its members in their provision of immigration advice or immigration services. 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 receivable in the accounting year after the work has taken place.

From 1 April 2011 three of these Designated Professional Bodies became Designated Qualifying Regulators and as a result oversight of them passed to the Legal Services Board. The Commissioner has no power to collect fees from Designated Qualifying Regulators.

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 13. 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 (PCSPS), 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 PCSPS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. The rate of the employer's contribution is determined from time to time by the Government Actuary and advised by HM Treasury. Contributions are charged to the Statement of Comprehensive Net Expenditure.

Holiday accrual

An accrual is made of outstanding holiday due to the OISC staff as at the end of the financial year. The basis of calculation is 220 working days. Total holiday accrual 2012/13: £76,091 (2011/12: £84,147).

Value Added Tax

The OISC is not registered for VAT and all costs are shown inclusive of VAT.

2 Operating segments

The statutory duty of the OISC, as enacted in the Immigration and Asylum Act 1999, is 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.

All the financial resources of the OISC are used towards the furtherance of this statutory duty. The OISC does not, therefore, have separate reporting or operating segments as envisaged by IFRS 8.

3 Income

Fee income

	2012/13	2011/12
	£'000	£'000
Designated professional bodies	(2)**	0*
Adviser fees	1,057	1,001
	1,055	1,001

* Section 86 of the Immigration and Asylum Act 1999 provides for the Immigration Services Commissioner to recover costs from Designated Professional Bodies (DPBs), but this power does not extend to Designated Qualifying Regulators as defined by the Legal Services Act 2007. The Commissioner, as confirmed by the Home Office, therefore has no statutory authority to collect outstanding fees from those bodies, and all such debts must consequently be written off. Other fees for the remaining DPBs will be invoiced by our Sponsor Unit in the Home Office.

** A refund of fees paid by one of the Qualifying Regulators in respect of the previous year resulted in a debit figure for the current financial year.

The OISC calculates the cost of supervising the Designated Professional Bodies (DPBs) for which the Commissioner has regulatory oversight. The costs of this supervision, based on staff salaries and related overheads, are charged to the DPBs on a full cost basis with no built-in profit element. All other costs incurred by the OISC are expended on fulfilling its statutory duties under the Immigration and Asylum Act 1999.

Fees and charges

Costs relating to fee income are as follows:

	2012/13			2011/12		
	Costs	Income	Surplus/ (Deficit)	Costs	Income	Surplus/ (Deficit)
	£'000	£'000	£'000	£'000	£'000	£'000
Designated Professional Bodies	(2)	2	0	0	0	0
Adviser fees	4,092	(1,057)	(3,035)	4,274	(1,001)	(3,273)
	<u>4,090</u>	<u>(1,055)</u>	<u>(3,035)</u>	<u>4,274</u>	<u>(1,001)</u>	<u>(3,273)</u>

Other income

	2012/13	2011/12
	£'000	£'000
Court costs	21	7
Other income	0	1
	<u>21</u>	<u>8</u>

The monies received from fees and other income are passed to the Home Office on a quarterly basis. These are shown in the Statement of Comprehensive Net Expenditure as Appropriation due to the Home Office.

4 Staff numbers and related costs

Staff costs comprise:

	Total	Permanently employed staff 2012/13	Others	2011/12
	£'000	£'000	£'000	£'000
Wages and salaries	2,018	2,018	0	2,063
Social security costs	167	167	0	171
Other pension costs	354	354	0	350
	<u>2,539</u>	<u>2,539</u>	<u>0</u>	<u>2,584</u>
Less recoveries in respect of outward secondments	0	0	0	0
	<u>2,539</u>	<u>2,539</u>	<u>0</u>	<u>2,584</u>

Average number of persons employed

The average number of whole-time equivalent persons employed during the year was as follows:

	2012/13	2011/12
	Total	Total
Directly employed	60	60
Others	0	0
Staff engaged on capital projects	0	0
Total	<u>60</u>	<u>60</u>

The Commissioner and Deputy Commissioner are Ministerial appointments.

Pensions contributions

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme but the OISC is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2007. Details of the resource accounts of the Cabinet Office: Civil Superannuation can be found at www.civilservice.gov.uk/pensions

For 2012/13, employer contributions of £353,158 were payable to the PCSPS (2011/12: £349,919) at one of four rates in the range 16.7% to 24.3% of pensionable pay, based on salary bands. The scheme's actuary reviews employer contributions every four years following a full scheme valuation. From 2009/10, the salary bands were revised but the rates remained the same. The contribution

rates are set to meet the costs of benefits accruing during 2012/13 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employer contributions of £6,567 (2011/12: £6,680) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3% to 12.5% of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay.

There were no contributions due to the partnership pension providers at the reporting date nor were there any contributions prepaid at that date.

Audit Committee

The non-executive members of the Audit Committee are paid £350 per day (£400 Chair of Committee) plus travel costs for attendance at Audit Committee meetings. None has received more than £3k during the year.

5 Other expenditure

	2012/13	2011/12
	£'000	£'000
Running costs:		
Accommodation	335	357
Information technology	71	96
Legal costs	189	126
Advertising and publicity	25	25
Office supplies and services	55	80
Website	11	3
Training	36	47
External audit fee	20	20
CPD cost	15	81
Other running costs	91	199
Rentals under operating leases	398	373
Non-cash items:		
Depreciation, amortisation and revaluation	305	283
	<u>1,551</u>	<u>1,690</u>

6 Property, plant and equipment

	2012/13			Total
	Office refurbishments	Furniture and office equipment	Computer equipment	
	£'000	£'000	£'000	£'000
Cost at 1 April 2012	661	269	312	1,242
Additions	0	0	58	58
Disposals	0	0	0	0
Revaluation	0	0	0	0
Cost at 31 March 2013	661	269	370	1,300
Depreciation at 1 April 2012	(505)	(231)	(247)	(983)
Charged during the year	(104)	(27)	(41)	(172)
On disposals	0	0	0	0
Revaluation	0	0	0	0
Depreciation at 31 March 2013	(609)	(258)	(288)	(1,155)
Net book value at 31 March 2013	52	11	82	145
<i>Net book value at 31 March 2012</i>	<i>156</i>	<i>38</i>	<i>65</i>	<i>259</i>

	2011/12			Total
	Office refurbishments	Furniture and office equipment	Computer equipment	
	£'000	£'000	£'000	
Cost at 1 April 2011	648	269	305	1,222
Additions	13	0	7	20
Disposals	0	0	0	0
Revaluation	0	0	0	0
Cost at 31 March 2012	661	269	312	1,242
Depreciation at 1 April 2011	(401)	(204)	(205)	(810)
Charged during the year	(104)	(27)	(42)	(173)
On disposals	0	0	0	0
Revaluation	0	0	0	0
Depreciation at 31 March 2012	(505)	(231)	(247)	(983)
Net book value at 31 March 2012	156	38	65	259
<i>Net book value at 31 March 2011</i>	<i>247</i>	<i>65</i>	<i>100</i>	<i>412</i>

7 Intangible assets

	2012/13			Total £'000
	Themis software £'000	CPD platform £'000	CPD licences £'000	
Cost at 1 April 2012	293	347	12	652
Additions	0	98	0	98
Disposals	0	0	0	0
Cost at 31 March 2013	293	445	12	750
Amortisation at 1 April 2012	(104)	(251)	(12)	(367)
Provided during the year	(38)	(95)	0	(133)
On disposals	0	0	0	0
Amortisation at 31 March 2013	(142)	(346)	(12)	(500)
Net book value at 31 March 2013	151	99	0	250
<i>Net book value at 31 March 2012</i>	<i>189</i>	<i>96</i>	<i>0</i>	<i>285</i>

	2011/12			Total £'000
	Themis software £'000	CPD platform £'000	CPD licences £'000	
Cost at 1 April 2011	284	347	12	643
Additions	9	0	0	9
Disposals	0	0	0	0
Cost at 31 March 2012	293	347	12	652
Amortisation at 1 April 2011	(57)	(188)	(12)	(257)
Provided during the year	(47)	(63)	0	(110)
On disposals	0	0	0	0
Amortisation at 31 March 2012	(104)	(251)	(12)	(367)
Net book value at 31 March 2012	189	96	0	285
<i>Net book value at 31 March 2011</i>	<i>227</i>	<i>159</i>	<i>0</i>	<i>386</i>

8 Trade receivables and other current assets

	31 March 2013	31 March 2012
	£'000	£'000
Amounts falling due within one year		
Trade receivables	38	174
Other receivables:		
Season ticket loans to staff	29	30
Prepayments and accrued income	165	313
Provision for bad and doubtful debts	(31)	(151)
Total	<u>201</u>	<u>366</u>
Intra-government balances		
Balances with central government bodies	0	0
Balances with local authorities	0	0
Balances with bodies external to government	201	366
Total	<u>201</u>	<u>366</u>

9 Trade payables and other current liabilities

	31 March 2013	31 March 2012
	£'000	£'000
Amounts falling due within one year		
Trade payables	10	17
Other payables	293	9
Accruals and deferred income	167	194
Taxation and social security	0	55
Accommodation rent-free period*	19	39
Total	489	314
Intra-government balances		
Balances with central government bodies	293	55
Balances with local authorities	0	0
Balances with bodies external to government	196	259
Total	489	314
Amounts falling due after more than one year		
Accommodation rent-free period*	0	19
Total	0	19

* *Accrued rent: During 2003/04, the OISC negotiated a 10-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 IAS17, 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 Statement of Comprehensive Net Expenditure.*

10 Provisions for liabilities and charges

	Dilapidations provisions	Total provisions
	£'000	£'000
Balance at 1 April 2011	253	253
Movement in the year	13	13
Provision not required written back	0	0
Balance at 31 March 2012	266	266
Balance at 1 April 2012	266	266
Movement in the year	0	0
Provision not required written back	0	0
Balance at 31 March 2013	266	266

The OISC lease states that at the end of the lease term (28 September 2013) the landlord may require the tenant, i.e. the OISC, to reinstate the property to the condition as it was when the tenant first took on the lease. The cost of reinstatement has been estimated at £265,779. A non-current asset has been recognised and will be depreciated over the remaining life of the lease.

11 Analysis of Changes in Cash and Cash Equivalents

	£'000
Balance at 1 April 2011	509
Net change in cash and cash equivalent balances	(335)
Balance at 31 March 2012	174
Balance at 1 April 2012	174
Net change in cash and cash equivalent balances	388
Balance at 31 March 2013	562

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.

The OISC holds no cash balances with the Office of the Paymaster General.

12 Capital commitments

At 31 March 2013 there were no capital commitments (31 March 2012: £Nil).

13 Commitments under operating leases

	31 March 2013		31 March 2012	
	Land and building	Equipment	Land and building	Equipment
	£	£	£	£
Operating leases that expire:				
Not later than 1 year	416	7	416	5
Later than 1 year and not later than 5 years	0	0	208	0

14 Contingent liabilities

There were two contingent liabilities as at 31 March 2013 (31 March 2012: one). The matters are in the High Court and the County Court and are being defended by the OISC. The OISC is applying for summary judgment in both matters; however, if found against the OISC they will result in losses to the OISC, which at this time are unquantifiable. The case reported as a contingent liability in 2011/12 was settled during the year 2012/13 at minimal cost.

15 Post reporting period events

From 1 April 2013, following the abolition of the UK Border Agency, the unit responsible for sponsorship of the OISC transferred to the Home Office.

These financial statements were authorised for issue on the same date that the Comptroller and Auditor General signed his certificate.

16 Related party transactions

The UK Border Agency, as sponsor body for the OISC throughout 2012/13, is a related party to the OISC. During the year ended 31 March 2013, the UK Border Agency provided the OISC with Grant-in-Aid. A small number of transactions were made with other government departments and other central government bodies.

During the year ended 31 March 2013 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 Notes 8 and 9.

17 Results for the period

The financial resource allocated to the OISC has been used to meet the year's business plan targets. Any additional expenditure that has been met out of cash brought forward from previous accounting periods has had the approval of the Sponsor Unit.

18 Financial instruments

As the cash requirements of the OISC are met through Grant-in-Aid provided by the UK Border Agency, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. The majority of financial instruments relate to contracts to buy non-financial items in line with the OISC's expected purchase and usage requirements and the OISC is therefore exposed to little credit, liquidity or market risk.

The Commissioner's Report on Regulation by the Designated Professional Bodies of their Members

Introduction

This Report, which is made in accordance with Part V of the Immigration and Asylum Act 1999, gives my opinion on the extent to which the Designated Professional Bodies (DPBs) have provided effective regulation of their members in the provision of immigration advice and/or services. The DPBs are the: Law Society of Scotland; Law Society of Northern Ireland; Faculty of Advocates; and General Council of the Bar of Northern Ireland.

Representatives of my Office have recently met with the Law Society of Northern Ireland, the Faculty of Advocates and the Law Society of Scotland to review their respective Memorandums of Understanding with the OISC.

The Law Society of Scotland (LSS)

The LSS' process of investigating complaints internally is working well, and the LSS is recognising the benefits of investigating conduct itself rather than using external investigators. My Office continues to send complaints to the Scottish Legal Complaints Commission (SLCC) in accordance with our Memorandum of Understanding. OISC staff will also be meeting representatives of the SLCC in 2013/14.

Statistics

Table 1: Immigration complaints received by the LSS, 2012/13

From the OISC	From other sources	Total
1*	4	5

Table 1a: Immigration complaints closed by the LSS, 2012/13

From the OISC	From other sources	Total
0	2	2

Table 1b: Outcomes of closed LSS immigration complaints, 2012/13

Upheld	Conciliated	Not upheld	Withdrawn	No response	Other	Total
1	0	1	0	1	0	3

Table 1c: Age profile of closed LSS immigration complaints, 2012/13

0–3 months	4–6 months	7–9 months	10–12 months	>12 months	Total
0	0	1	0	1	2

* Since May 2009, the OISC has referred all complaints it has received about solicitors practising in Scotland to the SLCC.

In my last report I said that the LSS intended to apply to become an approved regulator once the Legal Services (Scotland) Act 2010 Act was implemented. I can report that the LSS has applied to be granted this status and is awaiting the outcome of its application.

The Law Society of Northern Ireland

No complaints were received or are outstanding about immigration advice or services.

The Faculty of Advocates and The General Council of the Bar of Northern Ireland

No complaints were received or are outstanding about immigration advice or services provided by members of either the Faculty of Advocates or the General Council of the Bar of Northern Ireland.



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