



Office of the Immigration Services Commissioner

Annual Report and Accounts 2013/14

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 2013 to 31 March 2014

**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.

Ordered by the House of Commons to be printed 10 July 2014.

HC 570

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Print ISBN 9781474105514

Web ISBN 9781474105521

Printed in the UK by the Williams Lea Group on behalf of the Controller of Her Majesty's Stationery Office.

ID 29051402 07/14

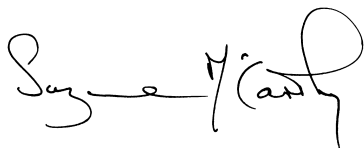
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Annual Report and Accounts of the Office of the Immigration Services Commissioner

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 2013 to 31 March 2014.

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

Suzanne McCarthy
Immigration Services Commissioner and Accounting Officer
Office of the Immigration Services Commissioner
21 Bloomsbury Street
London, WC1B 3HF

03 July 2014

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Chapter 1: Commissioner's Statement

This statement incorporates the content required within a 'Strategic Report' which is required by the Government Financial Reporting Manual (FRoM).

This year has been one of new developments, much preparation and eager anticipation – in what the OISC does, how and where it works and with whom. This Statement describes where the OISC is now and what we are very much looking forward to in the year to come.

New legislation

Since becoming Commissioner I have argued the need for amendments to the legislation which governs the OISC's operations and for strengthening the Commissioner's powers. I am delighted that the Coalition Government decided to introduce the Immigration Bill in this Parliament and for that Bill to include provisions specific to the OISC. As the then Immigration Minister, Mark Harper, explained: "This new legislation will extend the powers of the Immigration Services Commissioner so that she will be able to regulate more effectively and promptly prevent unfit and incompetent organisations continuing with their activities. These changes will also save money for the taxpayer by reducing the time and funds wasted on dealing with unmeritorious applications and appeals concocted by unscrupulous advisers."

The Act became law on 14 May 2014. It gives me powers to cancel immediately the registrations of unfit, incompetent or defunct organisations and apply to the First-tier Tribunal (Immigration Services) to suspend advisers who are charged with a serious criminal offence. Importantly, the Act will permit me to conduct unannounced inspections of OISC regulated business premises even if these are located in private residences.

In addition, new legislation will end the confusion and complications that currently exist between OISC regulated organisations due to an essentially artificial categorisation. At present a distinction is made between registered organisations (those that charge for giving immigration advice and services) and exempted organisations (those that do not charge). The Act helpfully creates a single category of regulated organisations called "registered" organisations. Notwithstanding this, the Secretary of State will be able to make an order requiring or authorising me to waive the requirement for organisations to pay a fee. I understand that the intention is, subject to Parliamentary approval, for this to be used to maintain the existing arrangement under which those organisations that do not charge will not have to pay a fee. The OISC will continue to make it

clear to clients which regulated organisations offer free advice and those which charge a fee.

My Office is very aware that these changes will require the OISC to make necessary changes to its processes and systems, and my staff are working now on developing these.

Delivering our 2012–15 Corporate Plan

This year was the second year of our three-year Corporate Plan. That Plan was agreed following the Government's welcomed confirmation of the OISC's continued value and was based on my Office reflecting how greater effectiveness could be achieved while coping with hard budgetary pressures. The OISC understands the importance of it performing both effectively and efficiently especially 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 continue to intensify.

Our Corporate Plan identified three specific operational aims:

- Aim One – Placing greater emphasis on ensuring that those who wish to enter the OISC scheme, or who are in the scheme but who wish to be authorised to operate at a higher Advice Level, are able sufficiently to demonstrate that they are suitably fit and competent;
- Aim Two – Requiring regulated advisers and their organisations to assume greater responsibility for ensuring their own continued fitness and competence; and
- Aim Three – Identifying and taking enforcement action against individuals and organisations acting improperly, focusing particularly on those that may be causing the most harm or posing the greatest threat to consumers, and, wherever possible, doing so by taking a collaborative, multi-disciplinary approach both internally and externally.

During the year the OISC Audit and Risk Assurance Committee (previously called the Audit Committee), reflecting its new name, took a continual interest in the delivery of those three aims and received reports at each of their meetings on developments. I am pleased to report that we were able to satisfy the Committee of the good progress being made in delivering each of these aims, as described below.

In respect of Aim One, the OISC has now formally articulated what my Office means by the concept of 'fitness', and we have produced a document that sits alongside the Commissioner's *Guidance on Competence* giving both guidance on

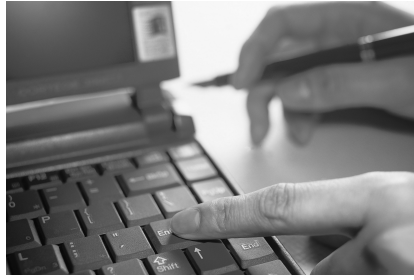
fitness and an explanation as to how the OISC assesses the fitness of advisers and advice organisations.

In connection with this, and recognising that an advice organisation's ethos and behaviours are often strongly influenced by others (such as owners, directors and trustees) who are involved in the organisation but who may not actually give immigration advice, we are introducing a requirement for such persons to sign a declaration of 'fitness' when their organisations apply for entry into the regulatory scheme or request to remain in it. We have also developed a process for assuring ourselves that these signed declarations are true statements. We expect to be introducing this new requirement during the first quarter of 2014/15 linked to the introduction of electronic applications, a subject I discuss in more detail later in this Statement.

We have also given thought this year to the preparation that new advisers should make before applying to join the OISC scheme. Our new policy requires that applicant advisers must have at least 18 months' right to work in the UK and must also be able to demonstrate that they have a satisfactory command of English. In addition, we are strongly recommending that applicants should have sufficient knowledge or experience of the sector before applying to us. This is particularly relevant in the context of our new competence assessment programme, which I also mention later in this Statement.

Aim Two is concerned with advisers and advice organisations taking responsibility for their own fitness and competence. To help them to achieve this we have recently published several documents on our website. These include a template letter which clients can adapt to their own situation if they wish to complain to their advice organisation about the service they have received together with guidance for advice organisations on how to work effectively with clients and thus avoid a complaint being made, but, should a complaint be made, how then to act appropriately.

Aim Three is in two parts. The first is focused on us using the OISC's limited resources to mitigate where clients appear to be facing the greatest risk of harm. In connection with this we have worked to bring our caseworking teams and our Intelligence and Investigations Team closer together in the way that they share intelligence including trends in immigration abuses and scams. We have produced guidance for OISC caseworkers that has been reinforced by training both on the effective collection, sharing and use of intelligence received and how to manage cases identified as being of the highest risk. In addition, a new management process for identifying critical cases has been implemented with 'critical case'



conferences being held fortnightly and attended by all senior OISC operational staff as well as the Intelligence and Investigations Team Manager.

The OISC's success is very much dependent on information, and one of our crucial tools for obtaining relevant information is through the auditing of regulated organisations. We realise, however, that it is neither possible nor advisable for us to audit every organisation, and that, even if we could do this, it would be disproportionate and place unnecessary regulatory burdens on many organisations. Taking this into account, this year we introduced a refined risk assessment process to identify those organisations that are at greatest risk of not complying with the *Commissioner's Rules* and *Code of Standards*. The process makes improved use of the information we receive from a variety of sources and provides for more frequent reviews of each organisation's risk level. This in turn influences how frequently we audit them.

The second element of Aim Three is about increasing our collaborations in the area of law enforcement, and we have been successful in doing this. During the year our Intelligence and Investigations Team met with a variety of other agencies including the National Crime Agency, the Solicitors Regulation Authority, the Home Office's Immigration Intelligence and Enforcement Unit (formerly a part of the United Kingdom Border Agency), HM Passport Office and local police forces. These meetings have been used to discuss relevant patterns and trends and different types of immigration crime. The OISC has also joined the Government Agency Intelligence Network, and has signed a Memorandum of Understanding with the Association of Chief Police Officers' Criminal Records Office.

We have also started to share data more productively with the Home Office in order to identify persons who continue to provide immigration advice and services after ceasing to be regulated. The process used is for the OISC to supply data on organisations it no longer regulates to the Home Office which then compares this with data in its own databases and identifies whether any applications are being made by those organisations or people associated with them. While it is still early days for this arrangement, it has already resulted in producing a number of productive investigative leads which we are following and one successful prosecution.

A further example of good collaboration between us, the Home Office and other law enforcement agencies is our participation in the actions taken following a BBC television *Panorama* programme that was broadcast in February about certain immigration scams. The day following that programme's broadcast members of the OISC Intelligence and Investigations Team joined officers from the Home Office's Criminal and Financial Investigations (Immigration) Team to execute warrants

issued to search for and secure evidence of possible offences of dishonesty identified in the programme. As a result computer hard drives, paper files and other related material were seized. My Office continues to be part of this ongoing investigation. We are discussing with the Home Office's Head of Immigration Intelligence how to identify other opportunities for joint action, where appropriate.

Performance and outcome measures

I would like particularly to commend the work being done by the OISC's new Head of Intelligence and Investigations Team, Steve Scott, who since his appointment in October has been leading the above mentioned initiatives. He has been instrumental in the work we are doing with the National Audit Office (NAO) on the way we measure the OISC's law enforcement performance. Traditionally we have measured this by each year setting ourselves two targets – identifying 400 possible unregulated organisations and resolving the status of 200 organisations. We have discussed with the NAO that these measures should be replaced with new measurements that will give us greater reassurance. The following new Key Performance Indicator (KPI) has been introduced: that the OISC will be responsible annually for a minimum of 25 successful prosecutions under section 91 or section 92B of the Immigration and Asylum Act 1999, as amended. We concluded that this number of successful prosecutions is a realistic, but stretching measure given the OISC's prosecution history. Prior to 2009/10 the maximum number of successful OISC prosecutions was not more than 15 in any one year. Of the three out of the four years since then the number of successful prosecutions has been around 25.

In 2014/15 we will also be re-examining the effectiveness of the Intelligence and Investigations Team with the aim of using this information to produce a KPI that will provide the Office with assurance that the resources allocated to intelligence and investigations work are effectively targeted on the areas of greatest risk.

We are also making changes in 2014/15 to some of our other KPIs to reflect our improved effectiveness and to ensure that we remain challenged. We are increasing the targets for straightforward continued registration applications being decided within 15 working days of receipt from 90% to 95% and the percentage of all completed such applications decided within three months of receipt from 80% to 90%. The timescales for our handling of complaints are also being made more testing. We have increased the target of 75% of complaints being resolved within six months to 75% being resolved within five months. Our target for virtually all complaints being resolved is also being increased. Previously it was set at a target

of 95% of complaints being resolved within 12 months. This KPI has been changed to 95% of complaints being resolved within 10 months.

Performance measures help an organisation to understand how well it is doing. But on their own they cannot confirm whether an organisation is achieving its desired outcomes. During the next financial year the OISC will begin piloting four outcome objectives being: that only those applicants who demonstrate they are fit and competent will be authorised to practise under the OISC regulatory scheme; that OISC regulated organisations and advisers comply with the *Code of Standards* and the *Commissioner's Rules* for the benefit of clients and other stakeholders; that the OISC takes action to counter the provision of illegal immigration advice; and that the OISC is a fit-for-purpose public service regulator. We will be developing a range of measurements to assess our performance against those objectives.

Consultations on the *Code of Standards* and the *Commissioner's Rules*

Good practice requires that the *Commissioner's Code of Standards* (the *Code*) and the *Commissioner's Rules* (the *Rules*) are reviewed approximately every five years. The *Code* was last fundamentally reviewed in July 2007. Considering the many changes that have taken place in the immigration advice sector, such as the greater use being made of the internet by immigration advisers to attract clients and give advice, it was felt timely to review and refresh these documents.

In November 2013 we published the outcome of the first of two consultations planned on the *Code* and *Rules*. This initial consultation was designed to seek views on matters of style, structure and possible new content. In particular, we sought comments as to the extent to which these documents should take a prescriptive or a principle-based approach. As a result of the responses received we have decided that the new *Code* will take a more principle-based approach with a greater use of guidance notes, although we will continue to use prescriptive rules, as appropriate. We have also decided that the *Code* and the *Rules* should be consolidated into one document as we feel that advisers will be assisted by the regulations being contained in one document.

The second consultation, which we expect to publish in September 2014, will consist of the proposed combined *Code* and *Rules*. We are considering whether this document should include new or expanded codes on a variety of subjects including: the outsourcing of work between regulated advice organisations; the provision of immigration advice via the internet or social media; the responsibility of UK regulated organisations for the actions of overseas organisations affiliated

to them; the identification of the particular adviser responsible for any specific piece of work done or advice given to or for a client; requiring clients to be notified of the intention of advice organisations to take payments from them and for their specific approval to be obtained before doing so; and requiring advice organisations to produce a final financial statement to each client when closing the client's matter. The intention is for the new *Code* to be implemented no later than September 2015.

Remaining a flexible regulator

Substantial revision of the *Code* is not an annual event, yet the OISC must remain a flexible regulator, responding to changes in the immigration sector and the wider regulatory environment. For example, during 2013/14 the OISC received a number of requests from charitable organisations asking that certain regulatory requirements be relaxed for them, particularly in the area of supervision. Their reason for this was the perceived growing shortage in advice provision, especially for refugees and asylum seekers.

While sympathetic, the OISC has to bear in mind its primary responsibility of protecting clients. The OISC has dealt with each request on a case-by-case basis, carefully considering the different elements of the respective proposals. Our aim has been to work with these organisations to find a solution which meets the need while not eroding the benefit of the regulatory regime.

The workshop programme

Another of the Corporate Plan's aims is to continue to spread good practice throughout the sector. One way in which we have achieved this is through our workshop programme. During 2013/14 we ran 26 workshops, mainly from our London office, with six being held in Scotland. A total of 283 advisers attended these workshops from 212 regulated organisations. The workshops were on a variety of subjects including: complaints; audit and compliance; supervision; and acting in the client's best interest. We received overwhelmingly positive feedback from attendees.

While we will be continuing this programme next year starting in June, we have decided to make it clearer who might best benefit from any particular workshop topic. For example, we will be targeting the workshops on supervision towards those who are assuming a supervisory role for the first time, while the audit and compliance workshop will be primarily aimed at those who are new to the regulatory scheme. In addition, we are developing a workshop focused on the

issues relevant to those who are thinking of expanding their businesses or increasing their Advice Levels. We are also planning to develop the current ethics workshop into a seminar format, thereby allowing more advisers to attend an event that concentrates on this important subject.

The competence assessment programme

All OISC advisers wishing to be admitted to the regulatory scheme or to increase their Advice Level must take a competence assessment. Starting in July 2013, the OISC in partnership with HJT Training introduced a new competence assessment process. We decided to do this in order to widen the areas of knowledge tested including the ability to communicate satisfactorily in English, to ensure that the questions asked were continuously relevant and up-to-date with current immigration law and policy, and to increase security by ensuring that the person applying was actually the one who took the assessment. Regarding the last, all candidates attending an assessment have their identity checked before taking the invigilated examination.

The OISC is keen for assessments to concentrate on proving an applicant's knowledge and ability – their competence. To assist candidates' exam preparations the OISC has published a detailed curriculum and standards for each of the three Advice Levels at which applicants may be tested. Example papers and an examination resource document are also available on our website.

The new Advice Level 1 competence assessment consists of two parts. The first contains 20 multiple choice questions that are aimed at testing a wide area of immigration knowledge. The second is a scenario-based exercise designed to test the candidate's ability to analyse a set of circumstances and communicate satisfactorily in written English. Applicants must pass both parts of the assessment to be considered 'competent' to provide immigration advice and services at Level 1. Advice Levels 2 and 3 assessments are both scenario-based exercises.

Based on evidence so far, those candidates who prepare well for the examination by attending an accredited immigration training course with a reputable organisation and/or gaining recent experience through proper and effective supervision under a regulated immigration adviser are significantly more likely to pass the assessment.

Moving our office to 21 Bloomsbury Street, London and our website onto the GOV.UK website

The OISC has moved to new, smaller and less expensive government estate accommodation. Although this has presented major challenges for the OISC, we saw the move as an opportunity to introduce new processes and find new ways of working more flexibly to improve our efficiency. In support of this we have started a project which will be completed in 2014/15 aimed at substantially reducing the volume of paper that comes into our office and subsequently needs to be stored in hard form.

During 2014/15 the OISC website will also move by migrating onto the Government's website, GOV.UK. We are pleased that it has been agreed that OISC material on that website will still retain our well recognised and distinctive 'global tick' logo. Further, the OISC's 'Adviser Finder' facility, to which we made substantial changes last year to make it more user-friendly, and our revised Continuing Professional Development (CPD) platform, which was successfully implemented in April 2013, will continue to remain the OISC's responsibility.

Moving to GOV.UK is fortuitous as this will allow us to introduce electronic application forms and credit card payments. The OISC has for some time been looking to move away from hard copy regulation applications and towards the submission of electronic applications and supporting documents as well as offering organisations the facility to pay their fees electronically. Our move to GOV.UK has given us the opportunity to realise these ambitions. Once we are located on that website applicants will be able to complete their OISC applications online, upload accompanying documents and forward their applications to us electronically. For those organisations that are obliged to pay an application fee, they will be able to do this by either debit or credit card. Notwithstanding the positives of these changes, we recognise that there are clearly significant risks and possible short-term negative impacts on our business as a result of these upheavals, and we are preparing for these as far as this is possible.

Working with others

The OISC values the positive results achieved from collaborations and networking with stakeholders. This contributes to another of our Corporate Aims of raising further the OISC's profile and influence.

During the year I chaired meetings of the Commissioners' Panel. I am grateful to members of the Panel, who come from different types of OISC regulated bodies, for

their helpful comments, particularly on the consultation on the *Code* and *Rules*, the new competence assessment process, the workshop programme and CPD requirements.

During the year other OISC staff and I have had the opportunity to meet the new Chairman and Secretary of the Association of Regulated Immigration Advisers (ARIA). We have also had international contact. Mr Bob Brack, President and CEO of the Immigration Consultants of Canada Regulatory Council (ICCRC), visited the OISC's offices to discuss regulatory issues of mutual interest. Further, the Deputy Commissioner and I have had regular telephone conference calls during the year with the respective heads of the Australian and New Zealand OISC equivalent bodies.

On the governmental front, the Deputy Commissioner and I had a useful meeting with Mark Harper MP, the former Minister for Immigration. A number of beneficial developments flowed from that discussion including improving the way we share intelligence with the Home Office and implementing a monthly letter to individual MPs advising them of organisations that were operating in or near their constituencies which have been removed from the regulatory scheme or successful prosecutions against unregulated advisers who were active in their areas. Further, the Deputy Commissioner was invited as a result of this meeting to give a presentation to MPs' caseworkers on the OISC's work.

Conclusion

As many of the changes and innovations mentioned in this Statement will come to fruition in the next year, the future is exciting. It is due to the significant progress that the OISC has made in recent years in terms of both effectiveness and efficiency that we are in a good position to maintain our high standards. My staff and I appreciate how important the OISC's work is for the protection of clients, the integrity of the immigration advice sector and for all of our stakeholders. I would like to end by warmly thanking the Deputy Commissioner and all OISC staff who have continually delivered what is required.

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 has responsibility for co-ordinating the OISC Competence Assessment process including facilitating its test centres, and administers Disclosure and Barring Service checks on behalf of the Office.

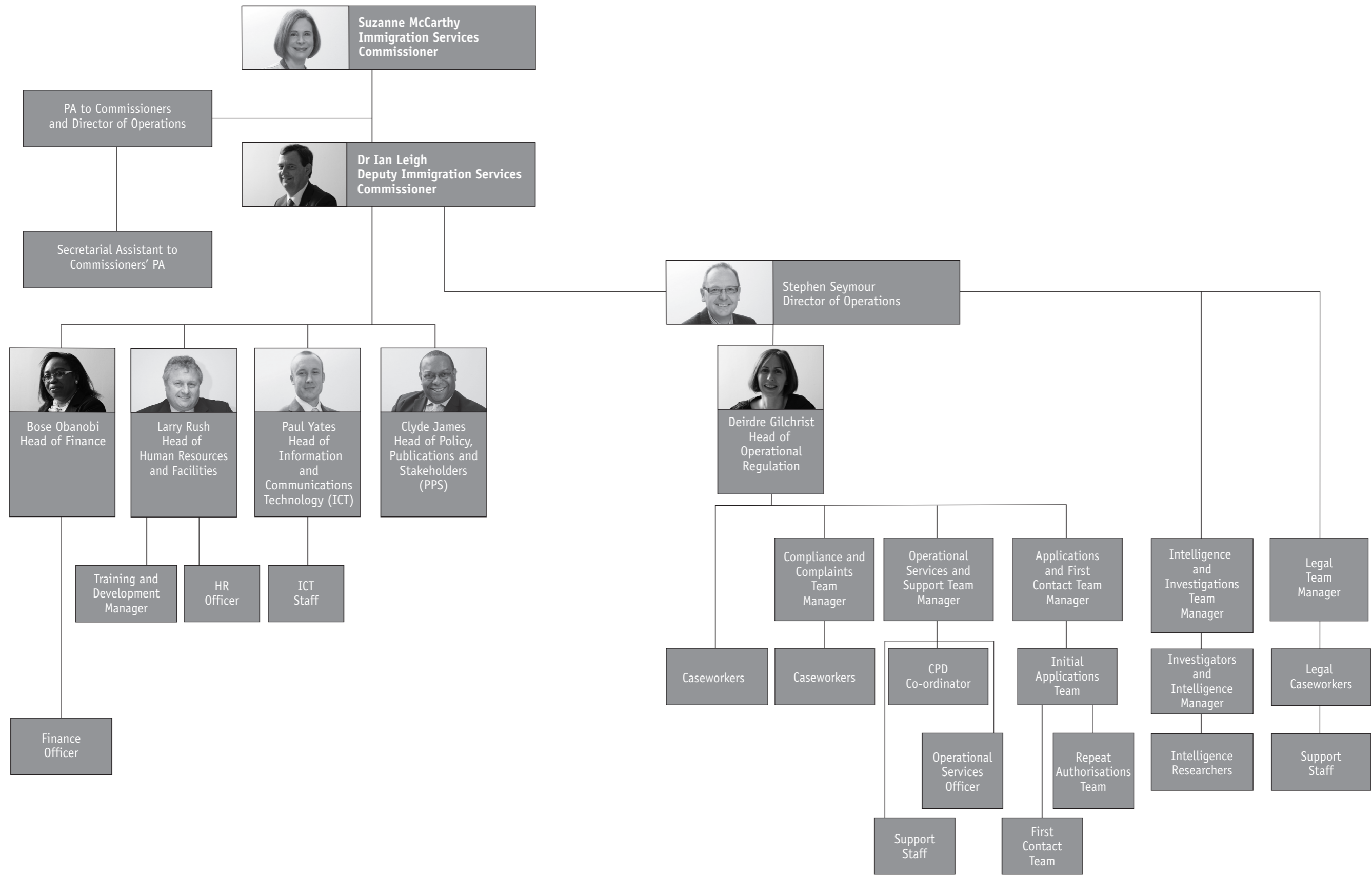


c. The Intelligence and Investigations Team

The Intelligence and Investigations 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 75).



The Corporate Support Service Teams

1. The Finance Team

The Finance Team is responsible for the preparation of the OISC's annual phased budget, the production of monthly management accounts, the monitoring of actual spend against budget, the 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 and Risk Assurance 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

This Team is responsible for providing a comprehensive personnel, training and development service for OISC staff. It is also responsible for health and safety issues and facilities management within the OISC. During 2013/14 the Team continued its ongoing review of HR policies, ensuring that they met the organisation's business needs and complied with employment legislation. Several recruitment exercises were undertaken during the course of the year.

The Head of HR is also responsible for the investigation of complaints made against the OISC and/or its staff. During 2013/14, 13 substantive complaints were investigated of which seven were not upheld. At the end of the year six were still being investigated. Staff attended 262 training and development days and several staff received support in their further education studies.

The Head of HR was project lead for the OISC's move to its new offices.

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 2013/14 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 rationalisation of the OISC server environment.

Most of the work undertaken on Themis during the year was to add functionality in support of the business and to enhance its usability. One particular work stream related to the workflow system and included a complete rewrite of the existing, and the implementation of brand new, workflows. This has improved the amount and quality of management statistics available from the system as well as making it easier and more straightforward to accomplish certain tasks.

The changes to the server environment have been driven by the OISC office move and the need to save space within the new premises. Accordingly, the Team has been able to reduce the server room size in the new premises by around 25%. Additionally, as a part of the project, it was decided to increase the amount of networked storage space available and this, in turn, has allowed the OISC to embark upon additional projects to reduce the amount of paperwork in the Office.

The last third of the year also saw the Team spending an increasing amount of time in preparation for the move. This included such activities as preparing the ICT specifications for the new office, assisting with the details of the tender process, preparing costings for the business case, and liaising with the prime and sub-contractors on all ICT-related aspects of the move

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. The Team also acts as the secretariat for the Commissioners' Adviser Panel. Additionally, it is responsible for the delivery of 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.
- 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 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.

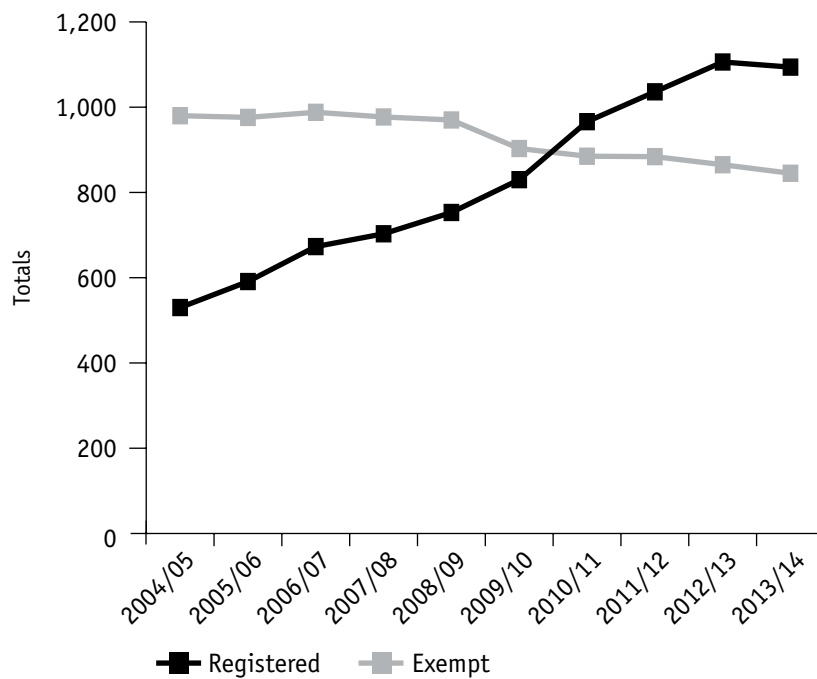
Statistics on regulated organisations and advisers as at 31 March 2014

The following data give information on the size and breakdown of the OISC regulated sector at the end of 2013/14. Some tables are presented differently to those included in previous Annual Reports. These changes have been introduced to help readers better appreciate the current regulated sector.

Table 1: Total number of regulated organisations

	As at 31 March 2014	As at 31 March 2013
Registered	1,094	1,106
Exempt*	845	865
Total number of regulated organisations	1,939	1,971

* includes Citizens Advice Bureaux offices at Level 1¹

Figure 1: Changes in the number of Registered and Exempt organisations 2004–14

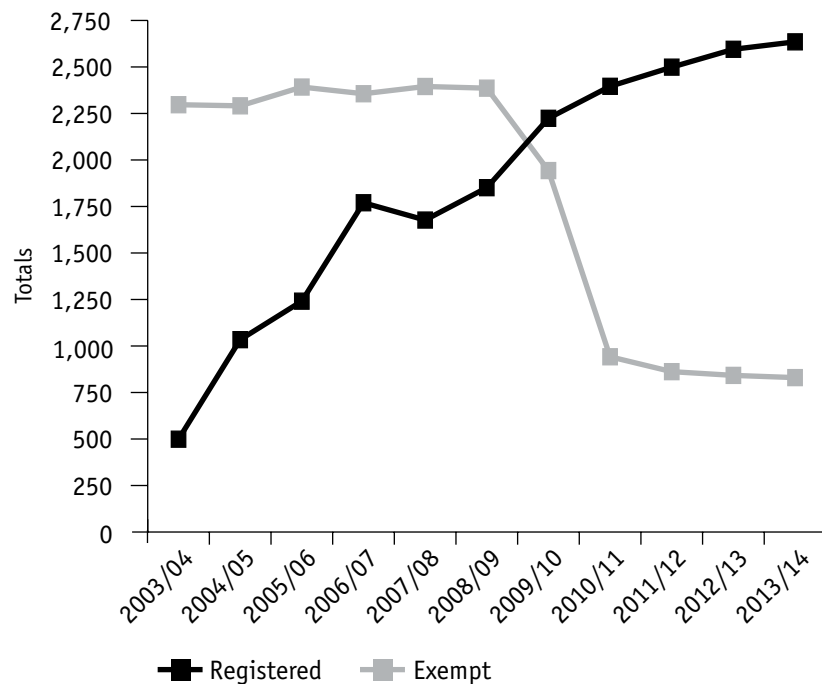
¹ There are over 500 Citizens Advice Bureaux (CAB) offices operating throughout the UK that are regulated to give immigration advice and services, mostly at Level 1. The Commissioner is satisfied with the CABs' internal mechanisms for dealing with complaints and service provision and as a result has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

Table 2: Total number of regulated advisers

	As at 31 March 2014	As at 31 March 2013
Registered	2,635	2,595
Exempt*	830	842
Registered and Exempt	18	23
Total number of regulated advisers**	3,483	3,460
Total number of regulated advisers including CAB	3,989	3,966

* Excluding advisers regulated through Citizens Advice Bureaux offices

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

Figure 2: Changes in the number of Registered and Exempt Advisers 2003–14

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: The number of regulated organisations by Advice Level as at 31 March 2014

	Registered	Exempt	CABs	Total
Level 1	606	218	506	1,330
Level 2	94	49	0	143
Level 3	394	72	0	466
Total	1,094	339	506	1,939

Table 4: The number of regulated advisers by Advice Level as at 31 March 2014*

	Registered	Exempt	Registered and Exempt	CABs	Total
Level 1	1,932	595	6	506	3,039
Level 2	216	143	3	0	362
Level 3	487	94	9	0	590
Total	2,635	832	18	506	3,991

* Counting each instance of exemption or registration at a particular Level. Advisers may work at more than one organisation.

Movement within the OISC regulated sector

An organisation that wishes to give 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 scheme². Table 5 shows the number of such applications that the OISC received during 2013/14.

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
New applications received	208	27	235
Applications brought forward from 2012/13	53	4	57
Applications approved	135	20	155
Applications refused	40	3	43
Applications withdrawn	20	1	21
Applications carried forward into 2014/15	66	7	73

Once in the scheme, the Commissioner may change an organisation's or an adviser's Advice Level either by 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: Movement within the regulated sector (organisations)

Organisations in the scheme that changed levels	Organisation in the scheme that changed Registered/Exempt status	Continued registration applications decided	Total organisation applications processed during the 2013/14*
46	2	967	1,234

* This figure includes applications processed that were approved, refused and withdrawn as outlined in Table 5.

In addition to applications from organisations seeking regulation, the Commissioner has approved 850 applications submitted by individual advisers. Of those applications, 758 have been applications by advisers to join the regulatory scheme for the first time, 90 have been applications to change Advice Levels and two applications were made to change categorisation of Registered and Exempt status.

Regulated organisations and advisers leave the scheme for a variety of reasons. During 2013/14, 172 organisations and 785 advisers left the OISC 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 of time or indefinitely.

During 2013/14, 142 appealable decisions were made by the Commissioner. From these 11 appeals were made to the tribunal.

Table 7: Breakdown of appeals and charges 2004/05 – 2013/14

	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Appeals made	21	11	14	11	8	6	7	10	6	11
Appeals allowed	4	1	0	1	1	2	0	3	2	0
Appeals dismissed	5	3	5	3	4	3	1	3	7*	8
Appeals withdrawn	0	5	4	6	2	3	4	2	0	1
Charges brought	1	2	2	0	0	2	3	0	1	0

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

As of the end of March 2014 there were 12 appeals ongoing (10 to the First-tier Tribunal and 2 to the Upper Tribunal).

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 – 2013/14

	Complaints against OISC regulated advisers	Complaints against advisers under Approved Regulators	Complaints against unregulated advisers	Total number of complaints received
2001 to 2014	2,323	1,402	1,254	4,979
2011/12	296	54	142	492
2012/13	290	58*	113	461*
2013/14	268	52	144	464
Total	3,177	1,566	1,653	6,396

From 1 April 2011 the Commissioner's oversight regulation is only in respect of the DPBs in Northern Ireland and Scotland, as explained in *The Commissioner's Report on Regulation by Designated Professional Bodies of their Members*, included as a separate document under cover of this *Annual Report and Accounts*.

* These figures were incorrectly given as 22 and 425 in 2012/13.

Table 9: How the OISC disposed of complaint cases against regulated advisers*

Substantiated	Unsubstantiated	Redirected successfully	Closure: outside time/jurisdiction	Closure: insufficient evidence	Closure: failure in complainant co-operation	Closure: organisation no longer registered	Investigation suspended: ongoing legal action	Total
112	14	31	5	10	11	62	0	245

* These totals include formal complaints carried forward from previous years

Definitions:

Substantiated: The organisation was found to have breached the Commissioner's *Rules* or *Code of Standards*

Unsubstantiated: No breach was found

Redirected: A complaint referred back to the adviser complained about to process under their organisation's OISC approved complaints scheme

Outside time/jurisdiction: The advice and services either related to a matter not regulated by the OISC or the events took place some time ago

Insufficient evidence: Lack of any evidence to support the allegation made

Failure in complainant co-operation: Complainant has lost contact with the OISC or no longer wishes to take the complaint forward

Organisation no longer registered: The organisation has left the OISC scheme and the Commissioner cannot complete the investigation without their co-operation

Investigation suspended – ongoing legal action: The complaint has had to be suspended due to legal action being taken by or against the regulated firm

Investigating Illegal Activity

Sadly, there are always people who deliberately decide to provide unregulated immigration advice and services. In doing so they often cause immense harm financially and personally to those who are seeking assistance to remain in the UK. Such persons often do not have English as their first language and are very vulnerable and easily open to exploitation.

Two specific offences were created by the Immigration and Asylum Act 1999:

- section 91 – makes it an offence to unlawfully provide immigration advice or immigration services (that is, to do so while unregulated); and
- section 92 – makes it an offence to advertise the provision of such unlawful immigration advice or immigration services.

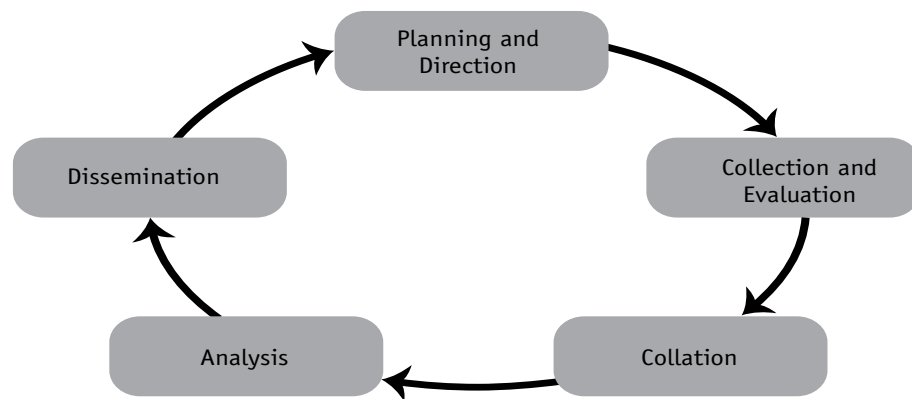
The OISC's ten-strong Intelligence and Investigations Team has as its primary purpose to identify those persons who are acting unlawfully.

The Intelligence Unit

The Intelligence Unit's role is to obtain and use the intelligence it gathers from various sources to assist in the identification of those who may be acting unlawfully. The unit reviews applications made for admission to the regulatory scheme in order to detect anything in an applicant adviser's history that would indicate issues that need to be explored. In addition it supports the OISC casework teams in assessing regulated organisations which may be breaching the Commissioner's *Code* and *Rules* or be involved in criminality.

The unit works closely with other law enforcement bodies with a special interest in immigration crime particularly with regard to the sharing of intelligence. The OISC's 'partners' include, but are not limited to, the Home Office, police forces, the National Crime Agency, the Solicitors Regulation Authority, HM Passport Office and the Government Agency Intelligence Network. This network helps the OISC in particular and the other law enforcement bodies more generally to achieve an understanding of the types of offences being committed and to identify significant patterns and trends. It also enables the unit to develop 'Subject Profiles' of organisations and potential offenders.

The unit's work is clearly illustrated by the Intelligence Cycle set out below.



During 2013/14 the unit put particular effort into developing a programme of inter-agency meetings at which the unit had the opportunity to explain to other intelligence sections the OISC's role and capabilities in targeting unlawful adviser activity. This has resulted in more productive working relationships.

The Investigation Unit

The Investigation Unit uses the results of the Intelligence Unit's analysis in their criminal investigations. Their investigations may lead to a prosecution, a caution which puts the person on notice that a repetition of behaviour could result in a prosecution, or the person being given informal advice.

OISC investigators may be involved in tackling illegal activity in three ways:

- taking forward investigations under sections 91 or 92;
- jointly investigating with other agencies such as immigration, criminal and financial investigation teams or the police where there is reason to believe that the person concerned may have committed various offences in addition to giving unlawful immigration advice; and
- where other agencies are in the lead but ask the OISC for information to help bolster their own investigation or prosecution.

Since 2001, when the OISC came into being, 182 people have been successfully prosecuted by the OISC with a further 110 being cautioned. The examples given below illustrate some of the work done by the Intelligence and Investigations Team during 2013/14 on its own and when working in partnership with other law enforcement bodies.

Case 1 – The unregulated person had previously been prosecuted by the OISC in May 2010 for giving unregulated immigration advice and was sentenced on that occasion to a Community Service Order of 240 hours. Notwithstanding his conviction he continued to provide immigration advice unlawfully to several clients. His advice was incompetent, and it was discovered that he had submitted several incorrect and substandard applications to the Home Office.

Following the OISC's investigations he was prosecuted by the OISC and summoned to appear at Westminster Magistrates' Court. He was found guilty of all charges and sentenced to 12 months' imprisonment.

Case 2 – The following case demonstrated how the OISC recently worked in partnership with Home Office immigration teams. During 2013/14 the OISC and the Home Office improved their process for sharing of information about those who had left the regulatory scheme but who might still be operating.

Using this process it was discovered that a previously regulated person was still submitting applications to the Home Office on behalf of clients. Scrutiny of Home Office records identified those for whom he was acting. It was discovered that they had no knowledge that he was acting unlawfully. One of his clients was particularly distressed to discover that a member of his local community would behave in such a manner.

The unregulated person was subsequently prosecuted by the OISC. He pleaded guilty at Birmingham Magistrates' Court in January 2014 to illegally providing immigration advice and services and was given a suspended prison sentence.

Case 3 – The OISC received the first complaint about this person in June 2013 and eventually received nine more. It was discovered that he was charging mainly students usually between £8,000 and £10,000 for advice on applications either to renew their Points Based System Tier 4 applications or to change their status to Tier 1 or 2. Regardless of the person’s circumstances he gave the same type of incorrect advice.

The OISC investigator involved in the case, having spoken to several of the victims, obtained a search warrant, but the person had left his home address before the search was conducted. The local police were, however, also interested in him as he was suspected of fraud. The police were able to arrest him at Heathrow while he was waiting to board a flight to India. A joint OISC/police interview was conducted and the man eventually pleaded guilty to various charges including giving unregulated advice. He was sentenced to ten months’ imprisonment.

Table 10: Disposal of investigations

Prosecutions	Not in public interest	Under Approved Regulator	Cautioned	Witness/Suspect left UK	Insufficient evidence	Passed to OGD	Failure of witness co-operation	Outside time/jurisdiction
14 (28)*	19	9	3	8	62	15	18	3

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

Table 11: Breakdown of prosecutions

Year	Prosecutions	Formal cautions administered
2010/11	24	8
2011/12	14	4
2012/13	25	11
2013/14	14	3

During the period 2001–14 the OISC successfully brought 182 prosecutions and administered a total of 110 formal cautions.

Table 12: Breakdown of sanctions and convictions 2013/14

Prison	6
Suspended prison sentence	3
Community punishment order	3
Fine	1
Conditional discharge	1

Looking to the future

The Team is currently reviewing how to improve its effectiveness so that it can achieve better and more focused prioritisation of its work based on the potential seriousness and level of risk of significant harm. Joint working and information sharing is vital to countering the giving, and advertising, of illegal immigration advice and we are concentrating on developing these methods further during 2014/15. We will also, for example, be exploring the potential of the Proceeds of Crime Act 2002 as a means of punishing those who are making a substantial profit from their exploitation of vulnerable people.

A new Key Performance Indicator is being introduced in 2014/15 focused on the number of successful OISC prosecutions. To assist in this we are implementing systems to enable us to identify the key stages of the OISC's intelligence and investigation processes which lead to such an outcome. We are also establishing a process which will enhance the creation of the intelligence packages we provide to our investigators, enabling them to obtain vital evidence more quickly.

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 2013/14	
KPI 1: New Applications			
a) Percentage of completed Level 1 applications decided within 3 months of receipt	75	77	✓
b) Percentage of completed applications decided within 6 months of receipt	85	95	✓
KPI 2: Continued Registration			
a) Percentage of completed 'straightforward' applications decided within 15 working days of receipt	90	98	✓
b) Percentage of completed applications decided within 3 months of receipt	80	93	✓
c) Percentage of completed applications decided within 5 months of receipt	95	97	✓
KPI 3: Audits			
Number of audits undertaken in the business year	350	355	✓
KPI 4: Complaints			
a) Percentage of written complaints about OISC advisers to be resolved or determined within 6 months of receipt	75	89	✓
b) Percentage of written complaints about OISC advisers to be resolved or determined within 12 months of receipt	95	99	✓
KPI 5: Appeals			
Percentage of the Commissioner's decisions to stand following an appeal lodged with the First-tier Tribunal (Immigration Services)	75	100	✓

	Target	Outcome 2013/14	
KPI 6: Unregulated Organisations			
Number of unregulated organisations identified in the business year	400	232	✗
KPI 7: Unregulated Organisations			
Resolve the status of unregulated organisations	200	139	✗
KPI 8: Internal Response Targets			
a) Percentage of applications acknowledged within 5 working days of receipt	95	100	✓
b) Percentage of written complaints acknowledged within 5 working days of receipt	95	100	✓
KPI 9: Internal Response Targets – Finance			
a) Percentage of undisputed invoices paid within 10 working days	60	85	✓
b) Percentage of undisputed invoices paid within 20 working days	80	97	✓
c) Percentage of undisputed invoices paid within 30 working days	100	100	✓

KPIs for 2013/14

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

The OISC met both of its KPIs under this heading.

KPI 1(a) – 75% of completed Level 1 applications decided within 3 months of receipt – The OISC decided 77% of new applications within 3 months.

KPI 1(b) – 85% of completed applications decided within 6 months of receipt – The OISC decided 95% of completed applications within 6 months.

At the end of 2013/14 there were 73 applications open of which seven were at least 6 months or more old.

Applications for continued registration

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

KPI 2(a) – *90% of completed 'straightforward' applications decided within 15 working days of receipt* – The OISC decided 98% of continued registration applications within the time period.

KPI 2(b) – *80% of completed applications decided within 3 months of receipt* – The OISC decided 93% of continued registration applications within the time period.

KPI 2(c) – *95% of completed applications decided within 5 months of receipt* – The OISC decided 97% of continued registration applications within the time period.

At the end of 2013/14 there were 80 applications open of which 11 were open for at least six or more months more old.

Audits

KPI 3 – *350 audits to be completed between 1 April 2013 and 31 March 2014*

The OISC uses audits as a tool to help to ensure that only fit and competent advice organisations and advisers are allowed into the regulatory scheme and remain there. To that end, the OISC has decided to count for the purposes of this KPI both audits of regulated organisations and pre-registration audits carried out before a decision is taken on whether an organisation should be admitted into the regulatory scheme.

The OISC exceeded the targets conducting 355 audits of which 36 were pre-registration audits.

KPIs that measure complaint processing

The OISC met both KPIs under this heading.

71 complaints were brought forward from 2012/13. During 2013/14 the OISC received 268 complaints against OISC regulated organisations and decided 245 complaints. 50 complaints were redirected to the respective organisations against which they were made. 94 complaints have been carried forward into 2014/15.

KPI 4(a) – *75% of written complaints about OISC advisers to be resolved or determined within 6 months of receipt* – The OISC met this target, resolving or determining 89% of written complaints within the period.

KPI 4(b) – *95% of written complaints about OISC advisers to be resolved or determined within 12 months of receipt* – The OISC met this target, resolving or determining 99% 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 100% of the Commissioner’s decisions standing following an appeal.

During 2013/14, 142 appealable decisions were made by the OISC which resulted in eleven cases being lodged with the Tribunal in addition to the five cases that were ongoing at the end of 2012/13. During the year nine cases were won with twelve cases ongoing into 2014/15.

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 failed to meet either of these KPIs in 2013/14. This was partly due to a lack of staff early in the year, but, more significantly, was the result of a major and robust reassessment of how unregulated organisations should be counted for the purpose of these KPIs following an audit undertaken by the National Audit Office (NAO). The outcome was the application of more stringent criteria than were previously employed. On this more rigorous basis, during 2013/14 the OISC did not meet either KPI, having identified 232 unregulated organisations and resolved the status of 139 organisations.

In the light of the NAO audit, the OISC has decided to discontinue both KPIs and introduce in 2014/15 a more outcome focused KPI, being a target of a minimum of 25 successful prosecutions by the OISC of section 91 or section 92B offences contrary to the Immigration and Asylum Act 1999. In addition, during 2014/15 the OISC will be reconsidering the effectiveness of its Intelligence and Investigations team in the way it executes its responsibilities of countering

the provision of illegal immigration advice, and this may lead to a new KPI being introduced from 2015/16.

Correction to KPI 6 as reported in the 2011/12 and 2012/13 Annual Reports

The OISC's 2011/12 Annual Report recorded 409 unregulated advisers having been identified during that year under KPI 6. This statistic was repeated in the 2012/13 Report. In the course of its audit the NAO found that one of the 15 cases it selected from these 409 had been counted twice. They concluded that the reported outcome was therefore overstated, although KPI 6 was still considered to have been met in that year.

The OISC's 2012/13 Annual Report recorded 400 unregulated organisations having been identified during that year. In the course of its audit the NAO found that two of the 15 cases it selected from these 400 had been counted twice. The reported outcome was therefore also overstated, meaning that KPI 6 was not met in 2012/13 contrary to the published statement.

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

KPI 8 – 95% of applications and written complaints acknowledged within 5 working days of receipt – The OISC acknowledged 100% of applications and 100% of written complaints within 5 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 85% of full year undisputed invoices within 10 working days, 97% of such invoices within 20 working days and 100% within 30 working days.

Annex: Glossary

Approved Regulator	As defined by the OISC, these regulators are either covered by the Immigration and Asylum Act 1999 (as amended), as Designated Professional Bodies or by the Legal Services Act 2007; they are: the Law Society of England and Wales; Chartered Institute of Legal Executives; and the General Council of the Bar of England and Wales.
Designated Professional Bodies	The DPBs are the: Law Society of Scotland; Law Society of Northern Ireland; General Council of the Bar of Northern Ireland; and Faculty of Advocates. 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.
Exempt	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.
First-tier Tribunal (Immigration and Asylum Chamber)	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.
First-tier Tribunal (Immigration Services)	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.
Home Office	The Home Office is the UK government department with responsibility for immigration, asylum, nationality and citizenship matters.

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- Registered** 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 includes, 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 in this group.
- Upper Tribunal** 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).

Statement of Accounts 2013/14

Foreword

This Statement of Accounts reports the results of the Office of the Immigration Services Commissioner (OISC) for the year 1 April 2013 to 31 March 2014 and incorporates the content required within a 'Directors report' which is required by the FReM and in our case would be a 'Commissioner's report'. 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.

The OISC occupies offices at 21 Bloomsbury Street, London WC1B 3HF.

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 2013/14 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 Commissioner works 0.60fte), during the year, Mrs McCarthy held the following public appointments:

- Non-Executive Director – Human Tissue Authority
- Chairman, General Chiropractic Council
- Independent Appointed Person – Greater London Authority

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- 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 50 to 54 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 2013/14 £Nil (2012/13, £9,462) was paid to the Internal Audit Unit in respect of audit services. The Home Office Audit Committee agreed centralised funding from 2013/14 onwards, which resulted in no recharge cost to the OISC.

Arrangements for external audit are provided under Schedule 5 paragraph 20 of the Act which requires the Comptroller and Auditor General to examine, certify and report on the Statement of Accounts and to lay copies of it before each House of Parliament. The fee for this service during 2013/14 was £21,000 (2012/13: £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 2013 to 31 March 2014 are set out on pages 58 to 61. The notes on pages 62 to 74 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 2013 to 31 March 2014, 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 2013/14 the resource allocated to the OISC by the Home Office was £3,997,676 (2012/13: £3,987,548). This resource has been used efficiently to meet the year's business plan targets.

The total net expenditure for the year was £4,099,353 of which £2,514,983 were employment costs.

6. Research and development

The OISC capitalised development costs of £8,800 (2012/13: £97,557) on the CPD platform during the year ended 31 March 2014 and £14,147 (2012/13: £Nil) on developing online application forms.

7. Charitable donations

No charitable donations were made in the year ended 31 March 2014 (2012/13: £Nil).

8. Changes in non-current assets

The OISC purchased additional IT equipment worth £Nil (2012/13: £58,162).

9. Post reporting period events

From 6 May 2014 the OISC moved to a building leased to the Department for Culture, Media and Sport (DCMS) in which it occupies part of one floor. The Home Office has entered into an over-riding agreement with DCMS and a simultaneous agreement with the OISC recording the terms of this inter-departmental occupation.

On 14 May 2014, the Immigration Bill received Royal Assent. Schedule 7 of the Immigration Act 2014 amends Part 5 of the Immigration and Asylum Act 1999 (which makes provision for the regulation of immigration advisers and immigration service providers).

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 2014: 85% (2012/13: 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 the use of its 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 282 working days owing to sick absence during 2013/14 (2012/13: 384 days), the equivalent of 2.23% (2012/13: 3.01%) 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

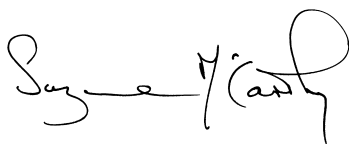
The OISC's bid for 2014/15 Grant-in-Aid was approved with a 1% decrease, in line with reductions in public spending. The amount of Grant-in-Aid is 9.2% less than in 2013/14 due largely to a rent-free period enjoyed at the start of its occupancy of new accommodation.

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
03 July 2014

Remuneration Report

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 re-appointed for a second five years, finishing in September 2015. Dr Ian Leigh took up his appointment as Deputy Commissioner on 7 February 2011 for five years in accordance with Schedule 5 of the Immigration and Asylum Act 1999.

Salary and pension entitlements (Audited)

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 they are subject to UK taxation.

2013/14					2012/13				
	Salary (excluding non- consolidated performance pay)	Non- consolidated performance pay	Benefits in kind	Pension- related benefits accrued in year		Salary (excluding non- consolidated performance pay)	Non- consolidated performance pay	Benefits in kind	Pension- related benefits accrued in year
	£'000	£'000	Nearest £100	£'000		£'000	£'000		£'000
Suzanne McCarthy Commissioner	65-67.5* 110-112.5**	0	0	0-2.5	Suzanne McCarthy Commissioner	65-67.5* 110-112.5**	0	0	0-2.5
Dr Ian Leigh Deputy Commissioner	55-57.5* 65-67.5**	0	0	0	Dr Ian Leigh Deputy Commissioner	52.5-55* 65-67.5**	0	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)	32.5-35			
Ratio	3				Ratio	3			

There were no bonuses paid in the year.

* The Commissioner works 0.60fte and the 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 2013/14 or 2012/13.

Pension benefits

	Accrued pension at pension age as at 31/3/13 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/03/13	CETV at 31/03/14	Real increase in CETV as funded by employer
	£'000	£'000	£'000	£'000	£'000
Suzanne McCarthy Commissioner	£0-5	£0-2.5	£99	£128	£18
Dr Ian Leigh* Deputy Commissioner	N/A	N/A	N/A	N/A	N/A

* The OISC does not currently contribute towards the Deputy Commissioner's pension although he does make voluntary contributions and as such there are no figures to disclose in the above table.

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 the rate of between 1.5% and 6.25% of pensionable earnings for **classic** and between 3.5% and 8.25% 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**.

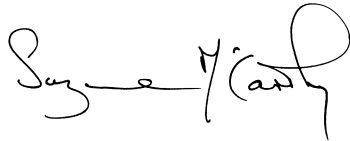
Further details about the Civil Service pension arrangements can be found at the website www.civilservice.gov.uk/pensions

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.

A handwritten signature in black ink, appearing to read 'Suzanne McCarthy'. The signature is fluid and cursive, with a large loop at the end of the last name.

Suzanne McCarthy
Immigration Services Commissioner and Accounting Officer

03 July 2014

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.

OISC Governance Statement 2013/14

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 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 unavailable.

I am advised by an Audit and Risk Assurance 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 (NAO) respectively. The Chairman, Terry Price, and one member, Alan Rummins, attended all four meetings held during 2013/14. The other two members (John King and Peter Wrench) each attended three meetings.

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 2013/14 contained targets aimed at continuing to improve the effectiveness of the OISC's regulatory operations. The Audit and Risk Assurance Committee closely monitored the delivery of those aims which were specifically focused on improving operational regulatory effectiveness. A Business Plan for 2014/15 has been developed to build on the achievements of the first two years of the Corporate Plan and complete the programme of activity envisaged by that plan.

The OISC operates under the terms of a Management Statement and Financial Memorandum agreed with the Home Office. The parties are currently in discussions on the terms of a new Framework Document. Progress has been delayed because decisions had to be taken by the Home Office as to where sponsorship responsibility for the OISC should lie within that department following the

abolition of the UK Border Agency. It has now been agreed that sponsorship will be undertaken by the Legal Strategy Team within the Immigration and Policy Directorate.

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 (KPIs) 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 members of the OISC's Audit and Risk Assurance Committee.

I receive external assurance on the robustness of the OISC's corporate governance arrangements principally through a formal audit undertaken annually by the Home Office Internal Audit Unit (IAU). This exercise was completed in February 2014 and concluded that: 'The OISC Corporate Governance framework continues to remain sound.'

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 and Risk Assurance Committee at each of its meetings. 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 2013/14 key areas covered by the OISC's Corporate Risk Register included: financial management; relationships with government; new legislation; reputation; information security; staffing; and accommodation.

The OISC has been exposed to four risks during the financial year which are worth highlighting. The first concerned managing within the organisation's approved budget. Routine expenditure proceeded according to plan, but significant, unavoidable legal costs were incurred through the application of the OISC's formal grievance and disciplinary procedures to address a range of conduct issues relating to one member of staff. Prudent measures were taken to reduce overall expenditure (for example, by delaying the recruitment of staff to fill vacancies), but the OISC was forced to seek additional funding from the Home Office to cover part of the costs incurred.

The second highlighted risk – which was also outside the OISC’s direct control – arose from the imperative to find new accommodation. Since 2003 the OISC has occupied offices rented from the private sector. We have acknowledged the political imperative to move on to the government estate following the expiry of the OISC’s lease in September 2013, but, despite working closely with the Home Office Property Group (HOPG) for over a year, no suitable office space was identified in time to meet this deadline. However, it was eventually agreed that the OISC should move its offices to a Department for Culture, Media and Sport building at 21 Bloomsbury Street by the end of 2013/14. This target was not met due to government departments failing to negotiate the necessary legal agreements in time, which will result in the OISC unavoidably being liable for occupancy costs in respect of both premises for a number of months. We confidently expect the Home Office to fund all aspects of the move including the OISC’s liability for certain occupancy costs in relation to its former Tooley Street offices until 30 May 2014.

In addition to ensuring that adequate financial support is available, moving into offices that are little more than half the OISC’s previous floor area presents significant logistical challenges and will require a major cultural shift in the way staff operate on a day-to-day basis.

We are also at this time developing new processes that we believe will enhance the OISC’s efficiency in the longer term, such as introducing electronic application forms and payment mechanisms for new and repeat registration. The effort required to implement these changes may put at risk our ability to maintain the level of delivery of our core regulatory functions. The situation is being closely monitored by the SMT.

Third, in October the NAO exercised its right to undertake an immediate audit of certain aspects of the OISC’s record keeping in relation to three of its KPIs. Only a small number of errors were identified – although one of these did mean that we had in fact failed to meet one of our KPIs in 2012/13 which we had previously reported as having been achieved. The main benefit of the NAO investigation was to confirm our own view that both existing KPIs relating to the control of the giving of illegal immigration advice and services were no longer fit for purpose, and we have been working to develop meaningful measures.

The fourth significant risk has emerged resulting from the requirement that the OISC website be incorporated into the GOV.UK site. Not only is there the risk that in so doing clients, advisers and the public may not be able to continue to access a quantity of useful information that had been previously available, but we also believe that the move has risks including the site’s functionality in terms of

directing people seeking immigration advice and services to the appropriate part of GOV.UK.

The situation is similar to the problems I reported last year when – despite our protestations – we were forced to close our commercial bank account and move to the Government Banking Service. As predicted, the banking service we now receive is inferior in quality, significantly more expensive, and consequently represents poor value for taxpayers' money.

A wide-ranging programme of internal audit is undertaken each year. This addresses activities identified by management, the auditors and Audit and Risk Assurance 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 2013/14 audits were undertaken covering:

- Complaints Handling;
- Pension Processes;
- Workshop Programme and Wider Stakeholder Management;
- Absence Management Procedures; and
- Corporate Governance.

All five audits attracted a 'Moderate' Assurance Rating, 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. Recommendations for improvement identified from each of these reports are being addressed.

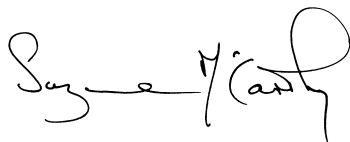
The IAU's Annual Opinion based on the audit coverage during 2013-14 concluded that: "Identified strengths in the control, risk and/or governance arrangements increase the likelihood that objectives will be met. Although there is a need for improvement in specific areas, systems generally operate satisfactorily." This resulted in an overall Assurance and Opinion Rating of 'Moderate' and a 'Steady' Direction of Travel.

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 during this period 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 corruption or bribery during the period. We were, however, alerted to two incidences of attempted fraud. In one, a number of students were phoned by someone seeking money to remedy alleged irregularities in their immigration documentation – with the caller’s number displayed as that of the OISC. This was immediately reported to all the relevant authorities. The second concerned a counterfeit cheque presented for payment on a closed OISC account. This was rejected by the bank, which is referring the case to the police. We also worked closely with a police force, helping them to gather evidence against certain individuals who sought to bribe one of our caseworkers.

The only significant new risk that was identified during the year related to the introduction of primary legislation to amend the statute under which the OISC operates. Whilst this was a most welcome development (in terms of clarifying and strengthening the OISC’s powers), it necessitated the diversion of scarce resources.

In summary, I am 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

03 July 2014

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 2014 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. 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 2014 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 Chapter 1: Commissioner's Statement and the Foreword to the Statement of Accounts 2013/14 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.

Sir Amyas C E Morse
Comptroller and Auditor General

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

07 July 2014

Statement of Comprehensive Net Expenditure

For the year ended 31 March 2014

		2013/14		2012/13	
	Note	£'000	£'000	£'000	£'000
<i>Expenditure</i>					
Staff costs	4		2,515		2,539
Other expenditure	5		1,584		1,551
			<u>4,099</u>		<u>4,090</u>
<i>Other income – payable to the Home Office</i>					
Fee income	3	(1,090)		(1,055)	
Other income	3	(4)		(21)	
		<u>(1,094)</u>		<u>(1,076)</u>	
Appropriation due to the Home Office		1,095	1	1,056	(20)
Net expenditure*			<u>4,100</u>		<u>4,070</u>

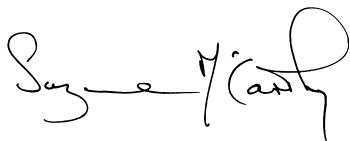
* All income and expenditure is derived from continuing activities.

The notes on pages 62 to 74 form part of these accounts.

Statement of Financial Position

For the year ended 31 March 2014

	Note	31 March 2014		31 March 2013	
		£'000	£'000	£'000	£'000
Non-current assets					
Property, plant and equipment	6		47		145
Intangible assets	7		184		250
Total non-current assets			231		395
Current assets					
Trade and other receivables	8	163		201	
Cash and cash equivalents	11	374		562	
Total current assets			537		763
Total assets			768		1,158
Payables and provisions					
Amounts due within one year	9	(201)		(489)	
Total current liabilities			(201)		(489)
Total net current assets			567		669
Non-current liabilities					
Amounts due after more than 1 year	9	0		0	
Provisions for liabilities and charges	10	(266)		(266)	
			(266)		(266)
Assets less liabilities			301		403
Taxpayers' Equity					
General Fund			286		388
Revaluation reserve			15		15
Total Taxpayers' Equity			301		403



Suzanne McCarthy
Immigration Services Commissioner and Accounting Officer
03 July 2014

The notes on pages 62 to 74 form part of these accounts.

Statement of Cash Flows

For the year ended 31 March 2014

	2013/14 £'000	2012/13 £'000
Cash flows from operating activities		
Net deficit after interest paid	(4,100)	(4,070)
<i>Adjustments for non-cash costs</i>		
Adjustment for depreciation and amortisation	187	305
Decrease in trade and other receivables	38	165
(Decrease)/Increase in trade payables	(288)	156
	<u>(4,163)</u>	<u>(3,444)</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	0	(58)
Purchase of intangible assets	(23)	(98)
	<u>(23)</u>	<u>(156)</u>
Cash flows from financing activities		
Grant-in-Aid	3,998	3,988
	<u>3,998</u>	<u>3,988</u>
Net (decrease)/increase in cash and cash equivalents in the period	(188)	388
Cash and cash equivalents at the beginning of the period	562	174
Cash and cash equivalents at the end of the period	<u>374</u>	<u>562</u>

The notes on pages 62 to 74 form part of these accounts.

Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2014

	General Reserve £'000	Revaluation Reserve £'000	Total £'000
Balance at 1 April 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>	<u>(4,070)</u>	<u>0</u>	<u>(4,070)</u>
Grant-in-Aid	3,988	0	3,988
Balance at 31 March 2013	<u>388</u>	<u>15</u>	<u>403</u>
Changes in taxpayers' equity for 2013/14			
Net expenditure for year ended 31 March 2014	(4,100)	0	(4,100)
<i>Total recognised income and expense for 2013/14</i>	<u>(4,100)</u>	<u>0</u>	<u>(4,100)</u>
Grant-in-Aid	3,998	0	3,998
Balance at 31 March 2014	<u>286</u>	<u>15</u>	<u>301</u>

The notes on pages 62 to 74 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 2013/14 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 bid for 2014/15 Grant-in-Aid was approved with a 1% decrease in line with reductions in public spending. The amount of Grant-in-Aid is 9.2% less than in 2013/14 due largely to a rent-free period enjoyed at the start of its occupancy of new accommodation.

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
Assets under construction	Nil until brought into use

The dilapidation provision

The OISC recognises a dilapidation provision for the leased premises it occupies 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 are also recognised as tangible non-current assets within property plant and equipment and they are depreciated over the period to the first break clause of the lease.

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. No fee was charged in respect of 2012/13.

Operating leases

The OISC has commitments under two operating leases in respect of the premises it occupies. 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 OISC staff as at end of the financial year. The basis of calculation is 220 working days. Total holiday accrual 2013/14: £63,932 (2012/13: £76,091).

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

	2013/14	2012/13
	£'000	£'000
Designated Professional Bodies	0**	(2)*
Adviser fees	1,090	1,057
	<u>1,090</u>	<u>1,055</u>

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 (DQRs) 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 Designated Qualifying Regulators in respect of the previous year resulted in a debit figure for the 2012/13 financial year.

** A decision was taken with regard to the costs associated with the work required for the Designated Professional Bodies (DPBs) and also the availability of Parliamentary time. The amount collected as fees will not be in proportion to the expenses involved in the charging process. No charge was therefore made this year.

Fees and charges

Costs relating to fee income are as follows:

	2013/14			2012/13		
	Costs £'000	Income £'000	Surplus/ (Deficit) £'000	Costs £'000	Income £'000	Surplus/ (Deficit) £'000
Designated Professional Bodies	0	0	0	(2)	2	0
Adviser fees*	4,099	(1,090)	(3,009)	4,092	(1,057)	(3,035)
	<u>4,099</u>	<u>(1,090)</u>	<u>(3,009)</u>	<u>4,090</u>	<u>(1,055)</u>	<u>(3,035)</u>

* Application fees are paid by advisers at a level set by the Home Office (S.I. 2011/1366). This generates income which is less than the total cost of OISC operations.

Other income

	2013/14	2012/13
	£'000	£'000
Court costs	3	21
Other income	1	0
	<u>4</u>	<u>21</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:

	2013/14			2012/13
	Total	Permanently employed	Others	
	£'000	£'000	£'000	£'000
Wages and salaries	1,993	1,991	2	2,018
Social security costs	164	164	0	167
Other pension costs	358	358	0	354
	2,515	2,513	2	2,539
Less recoveries in respect of outward secondments	0	0	0	0
	2,515	2,513	2	2,539

Average number of persons employed

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

	2013/14	2012/13
	Total	Total
Directly employed	58	60
Others	0	0
Staff engaged on capital projects	0	0
Total	58	60

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 2013/14, employer contributions of £357,985 were payable to the PCSPS (2012/13: £353,158) 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 2013/14 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 £179 (2012/13: £6,567) 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 and Risk Assurance Committee (ARAC)

The non-executive members of the ARAC are paid £350 per day (£400 for the Chair of the Committee) plus travel costs for attendance at ARAC meetings. None has received more than £3,000 during the year.

5 Other expenditure

	2013/14 £'000	2012/13 £'000
Running costs		
Accommodation	450	335
Information technology	70	71
Legal costs	182	189
Advertising and publicity	14	25
Office supplies and services	56	55
Website	6	11
Training	30	36
External audit fee	21	20
CPD costs	45	15
Other running costs	76	91
Rentals under operating leases*	447	398
Non-cash items		
Depreciation and amortisation	187	305
	1,584	1,551

* The OISC moved to new accommodation in May 2014 but remained liable for occupancy costs in relation to its former Tooley Street offices until 30 May 2014, amounting to approximately £49k.

6 Property, plant and equipment

	2013/14			
	Office refurbishments £'000	Furniture and office equipment £'000	Computer equipment £'000	Total £'000
Cost at 1 April 2013	661	269	370	1300
Additions	0	0	0	0
Disposals	0	0	0	0
Revaluation	0	0	0	0
Cost at 31 March 2014	661	269	370	1,300
Depreciation at 1 April 2013	(609)	(258)	(288)	(1,155)
Charged during the year	(52)	(11)	(35)	(98)
On disposals	0	0	0	0
Revaluation	0	0	0	0
Depreciation at 31 March 2014	(661)	(269)	(323)	(1,253)
Net book value at 31 March 2014	0	0	47	47
<i>Net book value at 31 March 2013</i>	<i>52</i>	<i>11</i>	<i>82</i>	<i>145</i>
	2012/13			
	Office refurbishments £'000	Furniture and office equipment £'000	Computer equipment £'000	Total £'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>

7 Intangible assets

	2013/14				Total £'000
	Themis software £'000	CPD platform £'000	CPD licences £'000	Asset under construction* £'000	
Cost at 1 April 2013	293	445	12	0	750
Additions	0	9	0	14	23
Disposals	0	0	0	0	0
Cost at 31 March 2014	293	454	12	14	773
Amortisation at 1 April 2013	(142)	(346)	(12)	0	(500)
Provided during the year	(30)	(59)	0	0	(89)
On disposals	0	0	0	0	0
Amortisation at 31 March 2014	(172)	(405)	(12)	0	(589)
Net book value at 31 March 2014	121	49	0	14	184
<i>Net book value at 31 March 2013</i>	<i>151</i>	<i>99</i>	<i>0</i>	<i>0</i>	<i>250</i>
	2012/13				Total £'000
	Themis software £'000	CPD platform £'000	CPD licences £'000	Asset under construction* £'000	
Cost at 1 April 2012	293	347	12	0	652
Additions	0	98	0	0	98
Disposals	0	0	0	0	0
Cost at 31 March 2013	293	445	12	0	750
Amortisation at 1 April 2012	(104)	(251)	(12)	0	(367)
Provided during the year	(38)	(95)	0	0	(133)
On disposals	0	0	0	0	0
Amortisation at 31 March 2013	(142)	(346)	(12)	0	(500)
Net book value at 31 March 2013	151	99	0	0	250
<i>Net book value at 31 March 2012</i>	<i>189</i>	<i>96</i>	<i>0</i>	<i>0</i>	<i>285</i>

* Development of technology to facilitate online application for OISC registration

8 Trade receivables and other current assets

	31 March 2014 £'000	31 March 2013 £'000
Amounts falling due within one year:		
Trade receivables	36	38
Provisions for bad and doubtful debts	(29)	(31)
Other receivables:		
Season ticket loans to staff	26	29
Prepayments and accrued income	130	165
Total	163	201
Intra-government balances		
Balances with central government bodies	0	0
Balances with local authorities	0	0
Balances with bodies external to Government	163	201
Total	163	201

9 Trade payables and other current liabilities

	31 March 2014 £'000	31 March 2013 £'000
Amounts falling due within one year		
Trade payables	1	10
Other payables	5	293
Accruals and deferred income	141	167
Taxation and social security	0	0
Accommodation rent-free period*	5	19
Provision for occupancy costs**	49	0
Total	201	489
Intra-government balances		
Balances with central government bodies	5	293
Balances with local authorities	0	0
Balances with bodies external to Government	196	196
Total	201	489
Amounts falling due after more than one year		
Accommodation rent-free period*	0	0
Total	0	0

* *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.*

** *The OISC moved to new accommodation in May 2014 but remained liable for certain occupancy costs in relation to its former Tooley Street offices until 30 May 2014, which have been provided for as an onerous lease.*

10 Provisions for liabilities and charges

	Dilapidations provisions £'000	Total provisions £'000
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
Balance at 1 April 2013	266	266
Movement in the year	0	0
Provision not required written back	0	0
Balance at 31 March 2014	266	266

A dilapidation provision for £265,779 has been established for Floor 5, Counting House, 53 Tooley Street. This property has been vacated since the year end (note 15).

11 Analysis of changes in cash and cash equivalents

	£'000
Balance at 1 April 2012	174
Net change in cash and cash equivalents balances	388
Balance at 31 March 2013	562
Balance at 1 April 2013	562
Net change in cash and cash equivalents balances	(188)
Balance at 31 March 2014	374

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 all its cash balances with the Government Banking Service (GBS).

12 Capital commitments

At 31 March 2014 there were no capital commitments (31 March 2013: £Nil).

13 Commitments under operating leases

	31 March 2014		31 March 2013	
	Land and building £'000	Equipment £'000	Land and building £'000	Equipment £'000
Operating leases that expire:				
Not later than 1 year	85	23	416	7
Later than 1 year and not later than 5 years	1,343	35	0	0
Later than 5 years	771	14	0	0

14 Contingent liabilities

There was one contingent liability as at 31 March 2014 (31 March 2013: two). The OISC is currently defending an employment tribunal claim lodged by a former member of staff. If found against the OISC this will result in a loss, which at this time is unquantifiable

There were two contingent liabilities as at 31 March 2013. During the year the matters were heard in the High Court and the County Court. Both matters have now been discontinued.

15 Post reporting period events

From 6 May 2014 the OISC moved to a building leased to the Department for Culture, Media and Sport (DCMS) in which it occupies part of one floor. The Home Office has entered into an overriding agreement with DCMS and a simultaneous agreement with the OISC recording the terms of this inter-departmental occupation. This Memorandum of Terms of Occupation was signed by the Home Office on 23 January 2014.

On 14 May 2014, the Immigration Act received Royal Assent. Schedule 7 of the Immigration Act 2014 amends Part 5 of the Immigration and Asylum Act 1999 (which makes provision for the regulation of immigration advisers and immigration service providers). This is not expected to have any direct financial impact on the OISC.

The financial statements were authorised for issue, deemed to be the date the financial statements were certified by the Comptroller and Auditor General, on 07 July 2014

16 Related party transactions

The Home Office, as sponsor body for the OISC throughout 2013/14, is a related party to the OISC. During the year ended 31 March 2014, the Home Office 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 2014 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 Home Office, 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.

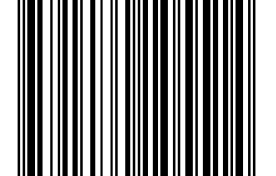
The Commissioner's Report on Regulation by the Designated Professional Bodies of their Members

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. No complaints were received or were outstanding as at 31 March 2014 in respect of any of the above bodies.

Representatives of my Office have met with both the Law Society of Northern Ireland and the Scottish Legal Complaints Commission to review their respective Memorandums of Understanding with the OISC.



ISBN 978-1-4741-0551-4



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