



An Investigation into the Establishment of the Performance and Compliance Unit

December 2012 – February 2013



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Independent Chief Inspector of Borders and Immigration



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1. Executive Summary

- 1.1 On 21 November 2012, I was commissioned by the Home Secretary to investigate whether the establishment of the UK Border Agency's Performance and Compliance Unit (PCU) would deliver an effective audit mechanism and the correct level of assurance of the Agency for Ministers, the UKBA Board and the Home Office Permanent Secretary.¹ I undertook this investigation before the Home Secretary's decision on 26 March 2013 to abolish the Agency with effect from 1 April 2013 and to split its functions between two new Director General-led commands within the Home Office. For that reason, I have referred to the Agency when describing the situation at the time of my investigation and the Home Office when commenting on the future.
- 1.2 The PCU was established by the Chief Executive of the Agency to improve performance and compliance across the organisation, as well as to validate and assure all management information provided to external stakeholders, such as the Home Affairs Select Committee. Whilst the PCU also provides support to Border Force, my investigation focused primarily on its role within the Agency, in line with the commission I had received.
- 1.3 The decision to establish the PCU was taken by the Chief Executive in December 2011, three months after his appointment. The aim was to centralise all performance management and compliance functions within one unit, with a view to supporting a new operating model for the Agency that was under development at the time. The creation of the PCU also reflected a desire on the part of the Chief Executive to break down the culture of 'silo working' that had existed in certain parts of the Agency prior to his appointment and further to ensure that the Board had an accurate set of management information covering all aspects of the Agency's work.
- 1.4 Given the PCU's central role in driving improvement within the Agency, I was surprised to find that there was no overarching plan for the establishment of the new Unit, setting out what it would achieve and by when. The documents I was shown set out aspirations for the new unit, but were insufficiently concrete in describing how the desired outcomes would be achieved. This is a gap that must be addressed. There was also a lack of structure around the creation of the PCU. Key individuals at a very senior level within the Home Office had only a broad understanding of what the PCU was expected to achieve. In my view, more effective governance arrangements should be put in place to oversee delivery of the new performance and compliance functions.
- 1.5 I found that the role and remit of the PCU had been drawn very broadly. It included responsibility for Agency business planning and corporate governance as well as for performance, compliance and assurance functions. A number of those I interviewed questioned the wisdom of this, although the PCU Director was clear that there were benefits in the structure that had been adopted, as it allowed his teams to direct improvement in a holistic way across the Agency. Whilst I see no reason to make a recommendation to change PCU's structure at this stage, I am concerned that the broad remit of the new unit has the potential to distract it from its core performance and compliance functions. I will therefore return to this issue when I undertake a full inspection of the PCU later this year.
- 1.6 Several members of staff whom I interviewed told me that they had been concerned in the past that the Agency had not always reported its performance accurately or been sufficiently open about the challenges that it faced. This is something that I found in my recent report on its Case Assurance and

*more effective governance
arrangements should be put in
place to oversee delivery of the
new performance and compliance
functions*

¹ The full terms of reference for the investigation are set out at Appendix 1.

Audit Unit (CAAU) and also in my investigation of border security checks that preceded the Home Secretary's decision to split Border Force from the Agency in March 2012.

- 1.7 I was therefore pleased to find that the Chief Executive was encouraging staff to be open in reporting on all aspects of performance. However one member of the Agency's Board told me that the deadline to declare backlogs had passed and that if any more were discovered, and information on them had been withheld, it would be treated as a disciplinary matter. I was concerned that mixed messages were being sent. The Home Office needs to clarify what it expects in terms of performance reporting and communicate that to immigration staff.
- 1.8 I examined the steps that were being taken by the PCU to improve the accuracy and reliability of the Agency's performance reporting. I found that robust processes were being put in place to check the accuracy of reports produced on issues such as removals performance and legacy cases, with the PCU playing an independent role in checking and verifying data produced by staff in the Agency's operational units.
- 1.9 I do, however, have two concerns. The first is that performance reports rely to a considerable extent on the quality of the data that is put onto Home Office databases. If this data is inaccurate or incomplete, then this will be reflected in the performance reports produced from it. A project is in hand, led by the Identity and Data Integrity Directorate (IDID), to improve data quality across the functions of the former Agency. This issue should be given the highest priority, as PCU will be unable to provide accurate performance reports and the correct level of assurance to the Home Office Board and to Ministers if data is not recorded correctly by staff and quality assured by their managers. I have a further concern about the PCU's ability to provide accurate reports where correspondence and new cases have not been logged on Home Office databases. This is also a challenge that the Home Office must address.
- PCU will be unable to provide accurate performance reports and the correct level of assurance to the Home Office Board and to Ministers if data is not recorded correctly by staff and quality assured by their managers*
- 1.10 Although it plays a central role, the PCU is not the only unit responsible for providing assurance on the former Agency's performance and its compliance with policies and processes. I found some confusion between PCU's role and that of the Home Office's Internal Audit Unit. There was also potential for overlap between the PCU's assurance team and a team that had been established to undertake internal inspections of immigration and enforcement functions in a new National Operations and Assurance Directorate. The roles and functions of these three teams must be distinguished and communicated to staff. Joint working arrangements should also be agreed between the three teams.
- 1.11 I was satisfied, on the basis of my investigation, that the PCU had the potential to deliver an effective audit mechanism of the immigration functions and the correct level of assurance for Ministers, the Home Office Board and the Permanent Secretary on its performance. There were a number of areas, however, where I considered that additional steps should be taken to help the PCU deliver its objectives. I have therefore made four recommendations for improvement.



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2. Summary of Recommendations

I recommend that the Home Office:

1. produces a comprehensive plan, setting out the PCU's strategic aims, objectives and outcomes with timescales for their delivery, and puts in place an effective governance structure to oversee its implementation;
2. ensures that all staff are clear about the outcomes that the PCU is seeking to achieve and the role it expects them to play in supporting the new unit;
3. ensures that data on immigration-related functions is recorded correctly and consistently across the organisation and is of the highest quality;
4. distinguishes the roles of the PCU, the Operational Assurance Team and the Internal Audit Unit, and communicates these to staff.

3. Methodology and Approach

- 3.1 The Home Secretary commissioned me to report on the establishment of the Agency's Performance and Compliance Unit with a view to conducting a further inspection once the team is fully operational. In particular, she asked me to:
- establish that the structures and processes being put in place would deliver an effective audit mechanism and the level of assurance of the UKBA required by Ministers, the UKBA Board and the Permanent Secretary; and
 - make recommendations as to whether any operational or process changes are required to strengthen the setting up and effective running of the PCU.
- 3.2 I was supported in my investigation by an Assistant Chief Inspector, a Lead Inspector, and three Inspection Officers. In scoping the investigation, I took advice from staff in the National Audit Office, Her Majesty's Inspectorate of Constabulary (HMIC), and my own Reference Group.
- 3.3 I gathered evidence from a range of sources, including from within the Agency, from the National Audit Office and from Other Government Departments.
- 3.4 I interviewed senior Agency and Border Force staff, including the Chief Executive of the Agency; the acting Director General of Border Force; the Director of the PCU; and a number of other senior civil servants. We also interviewed key stakeholders, including the current and former Immigration Minister; the acting Permanent Secretary to the Home Office; representatives from the Office of National Statistics; and PCU staff and managers based in London, Croydon, Sheffield and Liverpool. In total, we interviewed 22 individuals and held five focus groups.
- 3.5 In addition, and in order to test the management information gathering process, I requested data in the same manner as would be provided to the Home Secretary to allow her to respond to an oral Parliamentary Question. I was aware that the data I requested would not be routinely produced, and so it acted as a test to establish whether the Agency was able to provide and quality assure such information.

4. The Performance and Compliance Unit

Background

- 4.1 Following the publication of my report into the work of the Case Assurance and Audit Unit (CAAU),² the Home Secretary expressed concern about the reliability of the information on legacy cases that had been provided by the Agency. My report highlighted that the Agency had made statements which were inconsistent with my findings about the level and types of checks it had conducted on those cases.
- 4.2 When it was confirmed that the figures previously given to the Home Affairs Select Committee (HASC) by the Agency had contained inaccuracies, the Chair of the Committee told the Agency that he did not expect this to happen again.³ I was asked by the Home Secretary to investigate the plans for the establishment of the PCU after she received my report on the work of the CAAU.

Establishment of the PCU

- 4.3 The Chief Executive of the Agency took up his post in September 2011. On 12 January 2012, the Agency's recently appointed Strategic Director of Strategy and Intelligence provided a note to the Immigration Minister setting out that her new Directorate would be responsible for:
- strategic intelligence;
 - business strategy;
 - operational policy and rules;
 - performance and compliance;
 - communications; and
 - governance structures of the Agency.
- 4.4 The rationale for establishing the new Directorate included breaking down operational silos; the development of a new operating model for the Agency; changing the culture of the organisation; raising standards and improving quality; standardising ways of working with centrally directed rules, procedures and guidance; and creating a compliance culture and compliance arrangements to give Ministers and the public greater confidence in the Agency's performance.⁴
- 4.5 This note stated that the Performance and Compliance function would set key performance metrics for the Agency and measure its performance against them, offering assurance to the Board, the Chief Executive, Ministers and Parliament not only that the Agency's performance was improving, but that staff in all parts of the Agency were complying with rules, procedures and guidance.
- 4.6 On 15 March 2012, the new Director of Performance and Compliance submitted a paper to the Agency's Executive Board entitled "Transforming Performance & Compliance, Incl. a Continuous Improvement Plan for the Agency". This paper was agreed by the Board, and the Director was

² 'An inspection of the UK Border Agency's handling of legacy asylum and migration cases', published by the Independent Chief Inspector of Borders and Immigration, November 2012.

³ House of Commons Oral Evidence taken before the Home Affairs Committee 'Provision of Information to the Committee by UKBA' on 27 November 2012

⁴ Note from Emma Churchill to the Minister for Immigration, 12 January 2012.

given approval to proceed. He then sent a submission to the Immigration Minister on the same day, outlining his initial proposals to transform performance and compliance within the Agency, followed by a further submission on 26 March 2012 outlining the timescales for its implementation. There were a number of key risks identified at the time: 'The greatest risks come from loss of focus, distraction, poor use of numbers, weak leadership and excessive compromise.'⁵

- 4.7 As part of the 'Our Agency 2015' plan, steps to simplify procedures and systems of assurance and compliance were identified as prerequisites before further progress could be made to transform performance within the organisation.
- 4.8 The Agency's remit for the PCU was 'To:
- i. Ensure the Agency and Border Force are clear about what they must achieve, have precise outcomes aligned to their objectives, with resources directed towards priorities, and through performance management, ensure those objectives and priorities are secured
 - ii. Ensure we have clear, streamlined, informed and effective corporate governance
 - iii. Ensure we can accurately assess how we are performing across our end-to-end processes, and be clear about what is impacting upon performance
 - iv. Drive Continuous Improvement programmes to improve performance in terms of better outputs and outcomes, increased service quality, increased staff engagement and reduced cost
 - v. Support decision makers to make informed, effective decisions, by delivering a programme of assurance, and bringing objective compliance to bear where that is not achieved.'⁶
- 4.9 In addition to the PCU, the Agency also had an Identity and Data Integrity Directorate, which had responsibility for data quality both within the Agency and on release to other government departments. This was not part of the Strategic Intelligence Directorate, but did have strong links with the PCU. Because of its role in improving data quality, we have assumed that it is also of interest to the Home Secretary and have therefore included it within the scope of our investigation.

Migration Statistics and Agency Management Information

- 4.10 There are two types of information produced from immigration data. The Home Office Migration Statistics Team publishes one set of immigration-related statistics quarterly on the Home Office website. These are verified by the Board of the United Kingdom Statistics Authority.
- 4.11 The Authority has designated these statistics as National Statistics, in accordance with the Statistics and Registration Service Act 2007, signifying compliance with the Code of Practice for Official Statistics. Designation can broadly be interpreted to mean that the statistics:
- meet identified user needs;
 - are well explained and readily accessible;
 - are produced according to sound methods; and
 - are managed impartially and objectively in the public interest.
- 4.12 These statistics are generated by taking relevant data from Home Office management information systems and reconciling it with similar data compiled for operational management purposes, normally via the PCU. Each published statistic has its own established quality assurance process. For example, if the values of certain statistics differ by more than one or two per cent, the discrepancy

⁵ UK Border Agency Executive Board Paper for meeting of 15/26 March 2012.

⁶ Paper provided by the Director of PCU.

is investigated through reconciliation of individual case records. The process of further checks and reconciliation can take approximately one month, with further quality assurance investigations outside of the quarterly publication cycle.

- 4.13 In addition to the published statistics, there can be requests from a number of other parties, including the Home Secretary, Ministers, the Home Affairs Committee, the National Audit Office, Freedom of Information requests, and internal requests from Home Office senior managers. These PCU-owned statistics are not subject to the same extensive checks, largely due to the timescales in which they are needed. Sometimes responses to information requests can be expected within hours. We were told, however, that such statistics are subject to reconciliation with the relevant business area and 'common sense' checks.
- 4.14 We were told that the PCU's role in relation to Parliamentary Questions (PQs) was similar to that of the Home Office Migration Statistics team. The PCU had a PQ checklist for other parts of the Agency to use when providing management information in response to such questions. This had been accepted as a model of good practice and rolled out to the rest of the Home Office. PCU-owned management information is only put in the public domain where relevant or similar published statistics are not already available.
- 4.15 The remit of the PCU is far wider than just the production and quality assurance of management information. We are, however, aware that the integrity and reliability of immigration-related performance reporting is an area of particular concern to the Home Secretary and to Parliament.

5. Investigation Findings

Structures and Process

- 5.1 I found that detailed consideration had been given to the structure of the PCU. However, most of the documents submitted to me by the Agency that set out what the PCU would achieve lacked detail on how its aspirations would be turned into reality. The absence of an over-arching PCU Business Plan for 2012-13, supported by a Unit project plan, left some of the senior Home Office stakeholders whom I interviewed unsure of exactly what the unit would produce and by when.
- 5.2 I noted that there was a Strategy and Intelligence Directorate Business Plan for 2012-13, and that a PCU Business Plan for 2013-15 was being developed at the time of my investigation. Whilst the PCU Business Plan may cover some of the relevant issues, I was surprised by the absence of a clear set of unit objectives supported by timelines for delivery. I would, also have expected to have seen more in the way of formal governance and clearer direction from the Agency Board on the work of the Unit. I therefore make the following recommendation:

I recommend that the Home Office:

- Produces a comprehensive plan, setting out the PCU's strategic aims, objectives and outcomes, as well as timescales for their delivery; and puts in place an effective governance structure to oversee its implementation.

- 5.3 There was an emphasis on centralising all of the performance reporting work previously dispersed across different parts of the Agency. There was a clear rationale for this decision in terms of bringing together all areas of performance reporting, compliance, assurance and continuous improvement. This reorganisation of performance and compliance functions was also in line with the general drive within the Agency to move from a diffuse regional structure to one with a stronger corporate centre. The PCU saw itself as a corporate function, independent from the Agency's operational units, that would act as the central conduit for information and ensure that it was presented in a consistent manner.
- 5.4 I examined whether the remit of the PCU was too far-reaching, given that it covered performance frameworks; performance management; corporate governance; continuous improvement; Agency business planning; and business assurance and compliance. Some of those I interviewed questioned whether corporate governance should fall within the PCU's remit. One senior manager also challenged the wisdom of the PCU supporting Border Force as well as the Agency and queried the thinking behind the PCU's responsibilities for business planning, on the basis that this ordinarily sat with finance rather than performance functions.
- 5.5 The Director of the PCU was of the view that all strands of the PCU's work were closely linked. He suggested that taking any functions out of the Unit would be counter-productive and make it more difficult to bring about the step change in performance and compliance within the Agency that was being sought by the Board and by Ministers. Whilst I accept that the new structure should be allowed to bed in, I share the concern of many of those I interviewed that the PCU's remit may prove to be too broad. I believe there is a risk that this could distract the Unit's senior managers from the PCU's core functions of improving performance within the former Agency and the level of compliance with

policies and process. I will therefore return to this issue when I inspect the efficiency and effectiveness of the PCU later this year.

- 5.6 I also have some concerns about succession planning for senior and specialist roles within the PCU. I was told by Agency and PCU senior managers that there were generic plans in place to fill such posts in the event of vacancies. Given the specialist nature of the roles in the PCU, I believe, however, that tailored succession plans are needed; it is insufficient to rely simply on the Home Office's talent review process. The Home Office should focus on building capability within the PCU and more widely to ensure that it can fill key PCU leadership and specialist roles with minimal delay, given that these are central to successful delivery of its objectives.

Performance Objectives and Reporting

- 5.7 PCU had responsibility for setting the Agency's performance objectives and reporting on their delivery. I saw clear evidence of progress in this area, such as the production of a new business model for the Agency and a commitment towards a single set of management information that could be relied upon for the purposes of performance reporting and business planning.
- 5.8 During the course of my investigation, I was also told of a PCU project to record how management information (MI) is collated in specific areas, as well as the definitions that are used. This was with a view to ensuring that different business areas and regions count cases in the same way and measure and record performance consistently from the same data sets. I welcome this initiative as it should provide the Home Office Board and Ministers with greater assurance that performance is being recorded and reported on accurately and consistently.
- 5.9 It will be important, however, for the PCU to work closely with those who are responsible for the new immigration Operating Model and the team leading the project to improve immigration data quality and ensure that all definitions against which performance is measured are consistent. This is particularly important when it comes to recording backlogs of cases and performance against service standards, where confusion over definitions can result in inaccurate or inconsistent reporting.
- 5.10 Where data is collected as MI, I was pleased to see that the PCU had put in place an improved process for collection and verification. A report on removals was, for example, run on a Monday and issued to the appropriate business areas. They then had until the Wednesday to check that their data was correct. Any differences between the central and local data would be resolved and amendments made before the report was run a second time. The final report therefore incorporated any necessary changes and provided a single source of information on removals performance. This centralisation of performance reporting appeared to be working well, although it was, of course, reliant on the quality of the data on Home Office databases from which the report was ultimately drawn.
- 5.11 The PCU is also responsible for ensuring that management information that is released into the public domain is subject to rigorous quality assurance and adheres to guidelines set out in the Code of Practice for Official Statistics. This had been agreed with ministers and was the standard required by the current Minister for Immigration.
- 5.12 I was told by some PCU staff that, if the Agency published more statistics about its performance on a routine basis, this would reduce the number of ad hoc information requests to which they had to respond. They believed, and I agree, that publishing more information as immigration statistics would allow the PCU to focus to a greater extent on developing performance reports that would genuinely help to drive improvements within the former Agency. Many of the ad hoc requests they did receive were very time-consuming, because they asked for information that the Agency did not routinely collate and did not need on a day-to-day basis. Staff also commented that it was sometimes challenging to respond to ad hoc requests to a high standard, given that they often had tight deadlines and were asked for information that was not readily available. One business area in PCU monitored

all requests for information and identified trends; if there was a requirement for the same information on a number of occasions, it should become part of the regular reporting process.

- 5.13 In my interviews with PCU staff who prepared performance reports, I was surprised by the amount of time they claimed to spend dealing with ad hoc requests. For example, the PCU team in Sheffield told me that they spent more than 50% of their time dealing with internal and external ad hoc requests for performance data. This may not be the best use of a specialist resource whose primary function is to monitor performance against the Home Office's main immigration objectives. I was also told that the PCU was being asked to produce daily reports on Agency performance. Staff questioned the value of this, on the basis that daily reports did not tell senior managers anything valuable about performance trends and that there were risks in using such reports to decide on priorities. The Home Office should consider whether such frequent performance reporting is necessary.
- 5.14 As part of my investigation, I requested some management information of the same type that might be sought by the Home Secretary in response to a PQ. The aim of this exercise was to examine the PCU's data collection and quality assurance processes. While not all of the request could be met, there were clear and valid reasons for not providing the information. The PCU stated that they 'could not provide the live figure asked for with any degree of confidence for it to be released into the public domain'. I was pleased to see that the PCU had a structured and well-organised process for collecting and validating data and strict controls to prevent the release of MI that it considered unreliable.

Improving Data Quality

- 5.15 Underpinning the work of the PCU is the requirement for data to be of the highest quality. This is the responsibility of the Identity and Data Integrity Directorate (IDID), not the PCU. However, I decided to include this issue within the scope of my investigation because the PCU can only provide Ministers and the Home Office Board with assurance on performance issues if data is recorded accurately by front-line staff and quality assured by their managers.
- 5.16 Given the importance of data quality to the delivery of the PCU's objectives, I questioned why it did not fall within the Unit's remit. Most of those to whom I spoke regarded data quality as being primarily an issue for local management teams and PCU staff were satisfied that the links between their Unit, the IDID and other parts of the Agency were strong enough to allow data quality issues that impacted on performance reporting to be identified and dealt with. I will examine whether these arrangements are sufficiently robust when I undertake my inspection of the PCU later this year.
- 5.17 On 8th January 2013, the Agency's Strategic Board agreed to proceed with a project to investigate, identify and resolve issues relating to the Agency's data cleansing and quality. I welcome this initiative: improving data quality will be fundamental in giving Ministers and Parliament confidence that the Agency is reporting accurately on its performance. The PCU's efforts to improve performance reporting and assurance will fail if data is not recorded accurately and quality assured. I therefore make the following recommendation:

I recommend that the Home Office:

- Ensures that data on immigration-related functions is recorded correctly and consistently across the organisation and is of the highest quality.

Assurance and Compliance

- 5.18 The PCU's remit also included monitoring compliance with policies and process across the Agency, as well as delivering a programme of assurance activity where it identified issues of concern through its compliance work. Several of those I interviewed told me that they had in the past been concerned that the Agency had not always reported its performance accurately or been sufficiently open about the challenges that it faced. This is something that I found in my recent report on its Case Assurance and Audit Unit (CAAU) and also in my investigation of border security checks. However, during this investigation, I saw welcome evidence that the Agency's Chief Executive was encouraging all staff to be open in reporting on performance issues.
- 5.19 The Chief Executive and the Director of the PCU each told me that they wanted to know the truth about the Agency's performance so that any issues of concern could be addressed. The Minister for Immigration shared that view. I did, however, speak to one Agency Board member who believed that the period of 'confession' was now over, and that the withholding of information on business issues (such as backlogs or performance not being accurately assessed) should result in disciplinary action being taken. I am concerned that mixed messages were being given about what was expected of staff in terms of performance reporting. There is a need for the Home Office Board to adopt a clear position on the issue and communicate that consistently to staff who were in the Agency before its abolition. I therefore make the following recommendation:

I recommend that the Home Office:

- Ensures that all staff are clear about the outcomes which the PCU is seeking to achieve and the role that it expects them to play in supporting the new Unit.

- 5.20 In terms of assurance and compliance, the PCU had plans to increase the amount of performance verification undertaken at all levels. This included development and oversight of a Controls Assurance Reporting Exercise (CARE).⁷ The PCU were clear that by working closely with operational units, the new CARE model would reduce the potential for local managers to give a false picture of the level of compliance with processes in their areas. However, one member of staff we interviewed, who was a professional auditor, questioned whether the Agency's managers had sufficient understanding of the CARE model to operate it effectively. I will examine the work of the assurance and compliance teams in greater depth when I undertake my inspection of the PCU, as I believe their role will be central in giving Ministers and the Home Office Board confidence that processes are being followed across the organisation.
- 5.21 I also examined whether it was appropriate for assurance and compliance to sit together within the PCU. One person I interviewed suggested that this might be equivalent to 'marking your own homework'. However, I found a clear divide within the structure, so that one team had an assurance function, the other a compliance role. The Agency had also recently established an Operational Assurance Team within its National Operations and Assurance Directorate. This team's function potentially overlapped with that of the PCU in that it would be inspecting the performance of different units within the former Agency. It is vital, therefore, that there should be a clear understanding of the roles of the two teams so that duplication of effort is avoided,
- 5.22 I found that there were some tensions between the PCU and the Home Office Audit and Assurance Unit (Internal Audit Unit) over the role that each should play in applying the 'three lines of defence' model of audit which outlines a best practice approach to safeguarding an internal control framework:

⁷ CARE is a mechanism for individual business areas to assess their level of adherence to a set of core control standards, record any weaknesses, and then capture and monitor the actions needed to address them

- The '1st line of defence' describes the controls in place to deal with day-to-day business. Controls should be designed into systems and processes to mitigate risk, and compliance with the processes should ensure an adequate control environment with managerial and supervisory controls in place.
- The '2nd line of defence' describes the committees, governance structures and functions in place to provide oversight of the effective operation of the internal control framework.
- The '3rd line of defence' is the independent assurance provided by the audit committee. This must be external to the business: in the case of the Agency, this was the role of the Home Office Audit and Assurance Unit.

In addition, I provide external assurance to Ministers, Parliament and the public through my role as Independent Chief Inspector of Borders and Immigration.

- 5.23 By itself, the PCU cannot provide the correct level of assurance, therefore it is essential that its role in this structure is recognised. The PCU is involved mainly in the second line of defence: oversight of control and governance for immigration-related functions. The third line, independent assurance, plays a vital role but is not, and cannot be, part of the PCU. However, the PCU is reliant on the first line of defence – that of day-to-day controls – where there is a risk that it may never become aware of particular problems (such as unopened mail) unless they are self-declared, and so is reliant on accurate reporting by the business.
- 5.24 Internal Audit had concerns that the PCU was intending to take on the third line of defence role. The PCU confirmed that it had only a second line of defence role, but raised a concern that Internal Audit was also straying into that area. I believe the issue, along with the interface between the PCU and the Operational Assurance Team, should be clarified. I therefore recommend:

I recommend that the Home Office:

- Clarifies the roles of the PCU, the Operational Assurance Team and Internal Audit and communicates these to staff.

Appendix 1: Terms of Reference

The terms of reference for this investigation were:

- i. To investigate and report on the establishment of the UKBA Performance and Compliance Unit (PCU).
- ii. To establish that the structures and process being put in place will deliver an effective audit mechanism and the correct level of assurance of UKBA for Ministers, the UKBA Board and Permanent Secretary.
- iii. To make recommendations on whether any operational or process changes are required to strengthen the setting up and effective running of the Performance and Compliance Unit.
- iv. This initial investigation to commence immediately and to report in February 2013.
- v. Secondly, to investigate and report on the efficiency and effectiveness of the Performance and Compliance Unit once it is fully operational. Detailed ToR for this second inspection will be agreed in light of the recommendations from the Chief Inspector's first report. This inspection will take place in 2013 and will be included within the Chief Inspector's 2013/14 Inspection Plan.

Appendix 2: Glossary

Term	Description
A	
Agency	Refers to the UK Border Agency.
C	
Case Assurance and Audit Unit (CAAU)	The unit responsible for some migration and legacy asylum case work.
Casework Information Database (CID)	The Casework Information Database is an administrative tool used by the UK Border Agency to assist with casework and on which to record decisions.
F	
Freedom of Information requests	The Freedom of Information Act gives a right to make a request of any public sector organisation for all the recorded information they have on a particular subject.
H	
Her Majesty's Inspectorate of Constabulary (HMIC)	Her Majesty's Inspectorate of Constabulary (HMIC) independently assesses police forces and policing activity.
Home Affairs Select Committee (HASC)	One of the House of Commons Select Committees related to government departments. Its terms of reference are to examine 'the expenditure, administration and policy of the Home Office and its associated public bodies'.
Home Office	The Home Office is the lead government department for immigration and passports, drugs policy, crime, counter-terrorism and police.
Home Office Internal Audit Unit	The Unit provides a service to management appraising the effectiveness of risk management, internal control and corporate governance system and the extent to which they help the Home Office to achieve its aims and objectives.

Home Office Permanent Secretary	The Permanent Secretary is principal advisor to the ministerial team, and acts as chair of the Home Office executive management board as well as being appointed by HM Treasury as the Home Office accounting officer. The Permanent Secretary is responsible for the department's leadership and the direction of all policies and for ensuring that the Department abides by the ethics and standards outlined in the Civil Service Codes of Conduct.
I	
Identity and Data Integrity Directorate (IDID)	The Directorate is responsible for providing professional identity services for the agency, using both biometric and biographical data, and working with international partners and other government departments to improve methods of sharing and improving the quality of data in the Agency and its role in informing strategic thinking and delivery.
Independent Chief Inspector of Borders and Immigration	The role of the Independent Chief Inspector of Borders and Immigration was established by the UK Borders Act 2007 to examine the efficiency and effectiveness of the UK Border Agency. The Chief Inspector is independent of the Home Office and reports directly to the Home Secretary.
M	
Management Information (MI)	Information produced internally within the Agency for management use.
N	
National Audit Office	The National Audit Office (NAO) scrutinises public spending on behalf of Parliament and is independent of government.
National Operations and Assurance Directorate	The Directorate reviews the Agency's performance against assigned targets and delivers performance improvement, playing a lead role in co-ordination of operational activity driving forward organisational change and culture.
National Statistics	National Statistics are those designated by the United Kingdom Statistics Authority in accordance with the Statistics and Registration Service Act 2007 and which are produced in compliance with the Code of Practice for Official Statistics
O	
Office of National Statistics (ONS)	The ONS has responsibility for the collection and publication of statistics related to the economy, population and society of England and Wales at national, regional and local levels.
P	
Parliamentary Question (PQ)	A question from a Member of Parliament to a government Minister, which the Minister is obliged to answer.
PCU	Performance and Compliance Unit (PCU)

R	
Removal	The process by which a person is removed from the UK voluntarily or forcibly.
S	
Strategy and Intelligence Directorate (SID)	Directorate responsible for bringing together strategy and intelligence functions, along with corporate resources including communications.
U	
United Kingdom Border Agency (the Agency)	<p>The Agency of the Home Office which, following the separation of Border Force on 1 March 2012, was responsible for: immigration casework; in-country enforcement and removals activity; the immigration detention estate; and overseas immigration operations. The UK Border Agency was a full executive agency of the Home Office from April 2009.</p> <p>The UK Border Agency was broken up by the Home Secretary on 26 March 2013 and its functions returned under the direct control of the Home Office. Since 1 April 2013 the UK Border Agency ceased to exist.</p>

Acknowledgements

We are grateful to the UK Border Agency for its help and co-operation throughout the investigation and for the assistance provided in helping to arrange and schedule activities within the Performance and Compliance Unit.

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