

DECEMBER 2005
Reviewed December 2008

OFFICE OF THE IMMIGRATION SERVICES COMMISSIONER

TERMS OF REFERENCE

Aim and Purposes

1. The Immigration Services Commissioner (the Commissioner) has established an Audit Committee to support him/her in their responsibilities as to issues of risk, control and governance and associated assurance. The Committee's remit extends to all operations within the OISC.

Status

2. The Audit Committee is a Committee responsible directly to the Commissioner.

Appointment and Membership of the Committee

3. The members of the Committee are the three appointed non-executive members, one of whom chairs the Committee.

4. The OISC's Commissioner, Deputy Commissioner and Finance Manager will attend Audit Committee meetings, but will not be members of the Committee. In addition, the Committee has the right to require any other OISC member of staff to attend all, or any part of, its meetings, as it may require.

5. The Commissioner will appoint the Independent Members of the Committee for any period up to a maximum period of three years. An Independent Member may be re-appointed, but it is expected that the total period of any appointment will not exceed six years. The Commissioner will advise the Home Office via the OISC's sponsoring UKBA team, of any Independent Member appointments that he/she makes to the Committee.

6. The Commissioner has the power to terminate the appointment of all, or any, of the Independent members with or without notice to them. This power should only be exercised on substantive grounds, and with, if appropriate, suitable notice having been given. The Commissioner will inform the Committee and the OISC's Sponsoring Unit of such terminations.

Others in Attendance at Committee Meetings

7. It is expected that the following will attend Committee meetings, but not as members of the Committee:

- Representatives of such Internal Auditors who may be instructed to act as the OISC's Internal Auditors. If this service is provided by the Home Office, then this will include the Head of Home Office Audit and Assurance Unit; and
- Representatives of the National Audit Office or those instructed by them to act as the OISC's External Auditors.

8. Those in attendance who are not member of the Committee are required, unless the Chairman with the agreement of the Committee determines otherwise, to withdraw if matters that may involve them are to be discussed especially if such discussions are likely to be hampered by their presence. Further the Chairman with the Committee's agreement may ask such persons to withdraw if any confidences may be revealed to which such person or persons should not be a party or if their presence will, in the Committee's view, not facilitate open and frank discussion of any particular matter.

9. If it considers it desirable, the Committee, at its discretion, may chose to meet without any other person present for all, or any part of, a Committee meeting.

Chairman of the Committee

10. The Commissioner will appoint one of the Independent Members of the Committee to act as Chairman of the Committee. The Committee will confirm its agreement with the Commissioner's appointment.

Chairman and Commissioner's Discussions with Auditors

11. The Chairman shall have separate discussions with the External and Internal Auditors at least once a year without the other members of the Committee present. At these discussions the Chairman will explore whether there are any unresolved issues of concern and that full co-operation has been achieved. In any event, both the OISC's External and Internal Auditors may raise any concerns they may have at any time with the Committee's Chairman.

12. The Commissioner shall also have separate discussions with the External and Internal auditors at least once a year without the other members of the Audit Committee being present.

13. Both the Internal and External Auditors or those instructed to act on their behalf will have free and confidential access to the Committee's Chairman and/or the Commissioner at any time to discuss any serious concerns.

Chairman's Discussions with the Commissioner and OISC Staff

14. The Chairman, with any or all of, the Independent Members present at his/her discretion, shall have separate discussions with the Commissioner at least once a year.

15. The Chairman, with any or all of, the Independent Members present at his/her discretion, may meet with any member of the OISC staff in relation to a relevant Audit Committee matter. If the matter to be discussed does not relate to routine Committee business, it is expected that the Chairman will inform the Commissioner in a timely manner of his/her intention to hold such a meeting.

Responsibilities

16. The Audit Committee will advise the Commissioner on:
- The strategic processes for risk, control and governance and the Statement on Internal Control;
 - The accounting policies, the accounts, and the OISC's annual report including the process for review of the accounts prior to submission for audit, levels of error identified, and management's letter of representation to the external auditors;
 - The planned activity and results of both Internal and External audit;
 - Adequacy of management's response to issues identified by audit activity, including External Audit's management letter;
 - Assurances relating to the corporate governance requirement for the organisation; and
 - Consideration of the need to tender for Internal Audit services or for the purchase of non-audit services from contractors who provide audit services, such consideration to be carried out once every three years in accordance with the relevant provisions of the Home Office/OISC Financial Memorandum.
17. In addition, the Audit Committee will:
- Provide advice to the Commissioner on any financial, management or administrative matters which may put the OISC's financial position at risk;
 - Receive reports on any frauds that may occur together with actions taken;
 - Review arrangements, as necessary, established by management for compliance with regulatory and financial reporting requirements;
 - Need to approve the OISC's internal auditors providing any non-audit services or engaging in any consultancy work for the OISC before such services or work are commissioned by the OISC; and
 - Make recommendations to the Commissioner on any other matters of concern.

Information Requirements

18. The Audit Committee will be provided with:
- For each meeting:
 - A report summarising any significant changes to the OISC's Risk Register;
 - A progress report from Internal Audit summarising:
 - Work performed (and a comparison with work planned);
 - Key issues emerging from Internal Audit work;
 - Management response to audit recommendations;
 - Changes to the Work Plan

- Any resourcing issues affecting the delivery of Internal Audit objectives;
- A progress report from the External Audit representatives summarising work done and emerging findings.
 - As appropriate:
 - Proposals for the Terms of Reference of Internal Audit;
 - The Internal Audit Strategy;
 - The Internal Audit's Annual Opinion and Report;
 - The OISC's draft accounts;
 - The draft Statement on Internal Control;
 - A report on any changes to accounting policies;
 - External Audit's management letter;
 - Any proposals to tender for audit functions and any variation or termination of the internal auditors;
 - A report on co-operation between Internal and External Audit.

Mechanisms available for Independent Members to Gain an Understanding of the Business

19. The mechanisms available for Independent Members of the Audit Committee to gain an understanding of the OISC business include:
- Access to OISC Senior Management Meeting papers and other governance information necessary to gain an understanding of the business and priorities of the OISC; and
 - The mechanisms discussed in paragraphs 11 to 15 above.

Meetings

20. The Committee will meet regularly and at least four times a year. The Chairman may, as he/she may consider necessary, convene additional meetings. In addition, the Commissioner may ask the Chairman of the Audit Committee to convene further meetings to discuss particular issues on which he/she may want the Committee's advice.

21. The agenda items covered annually are as follows:

Spring/Summer

- Review and Agreement of the final Annual Assurance Letter from Internal Audit and consider Internal Audit's opinion for the financial year just finished;
- Review and Agreement of the Statement of Internal Control and discuss any consequential implications arising;
- Review and Agreement of the Annual Report and Accounts.

Autumn

- Review of External Audit's Management Letter and any emerging findings from that Letter and any other work being taken forward by External Audit;
- Review of Internal Audit's Reports to date and any emerging findings;
- Consider any residual actions arising from the previous year's work of both the internal and external audit;

- Review of Risk Management.

Winter

- Re-visit emerging findings from auditors and review actions in response to the External Audit management letter;
- Review the draft Annual Assurance letter from Internal Audit;
- Advise on the proposed Internal Audit strategy and work plan for the following financial year;
- Agreement of the proposed External Audit work plan;
- Consider areas in which the Committee will particularly promote co-operation between auditors and other review bodies in the coming year;
- Consider, as appropriate, the appointment of the OISC's Internal Auditors.

22. The Committee will be considered quorate if 2 members of the Committee are present.

23. Minutes of Audit Committee meetings will be made available to the OISC's Senior Management Team. This will usually be as an agenda item at the next appropriate meeting of that group.

Powers to Obtain Outside Advice

24. The Committee has the power to obtain such outside professional advice as it thinks necessary to carry out effectively its responsibilities, having advised the Commissioner accordingly and having regard to such costs being proportionate. The Committee also has the power, as it thinks necessary, to invite non-Committee members with relevant experience to attend all or part of its meetings.

Conflicts of Interest and Confidentiality

25. Committee members should, as far as possible, be free of any relationship that, in the opinion of the Commissioner, would interfere with the exercise of their independent judgement as a Committee member.

26. Any member of the Committee who knows or believes that they may have a conflict of interest with respect to any item to be discussed or becomes aware of a potential conflict during the discussion, must make this know to the Committee, and take no further part in that discussion without the Committee's consent. The Committee in such circumstances will determine whether that particular Committee member must leave the meeting for that discussion, and, if not, to what extent they may participate in the discussion and/or vote on the issue.

27. Committee members are bound by the normal Civil Services rules relating to disclosure of information, and they must be respectful of their privileged position which allows for free and frank discussion.

Review of the Committee's Terms of Reference

28. The Committee may review its Terms of Reference at any time, and may recommend such changes as it thinks appropriate to the Commissioner for his/her agreement.