DYNAMIC FRAMEWORK

1. REPORTS, RECORDS AND AUDIT RIGHTS

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SCHEDULE 7.5

REPORTS, RECORDS AND AUDIT RIGHTS

1. TRANSPARENCY Reports
	1. The Customer shall indicate within the Call-Off Invitation to Tender and resulting Call-Off Contract whether it requires the Transparency Reports to be included within such Call-Off Contract. To the extent that such Call-Off Invitation to Tender and Call-Off Contract indicates that Transparency Reports are required, the following provisions of this Paragraph 1 shall apply.
	2. Within three (3) months of the Call-Off Effective Date the Supplier shall provide to the Customer for its approval (such approval not to be unreasonably withheld or delayed) draft reports in accordance with any requirements as set out in Appendix 1 of Schedule 7.5 (Call-Off Reports, Records and Audit Rights) (once approved, the "**Transparency** **Reports**").
	3. If the Customer rejects any draft Transparency Report, the Supplier shall submit a revised version of the relevant report for further approval by the Customer within five (5) days of receipt of any notice of rejection, taking account of any recommendations for revision and improvement to the report provided by the Customer. If the Parties fail to agree on a draft Transparency Report the Customer shall either agree additional time with the Supplier or determine (acting reasonably) what should be included.
	4. The Supplier shall provide accurate and up‑to‑date versions of each Transparency Report to the Customer at the frequency referred to in Appendix 1 of Schedule 7.5 (Call-Off Reports, Records and Audit Rights).
	5. If there is any disagreement in connection with the preparation and/or approval of Transparency Reports, other than under Paragraph 1.3 above in relation to the contents of a Transparency Report, either Party shall be entitled to escalate it in accordance with the Dispute Resolution Procedure.
	6. The Transparency Reports shall be provided to Customers so far as relevant to a Call-off Contract. The requirements for Transparency Reports are in addition to any other reporting requirements in this Framework Agreement or any Call-Off Contract.
2. OTHER REPORTS

In addition to the requirements of this Schedule, a Customer may require the Supplier to collate from information and internal information and data that it already holds any or all of the following reports:-

* 1. delay reports;
	2. reports which the Supplier is required to supply as part of the Management Information;
	3. annual reports on the Insurances;
	4. security reports; and
	5. Force Majeure Event reports.
1. RECORDS
	1. The Supplier shall retain and maintain all the records (including superseded records) referred to in Paragraph 2 and Appendix 1 of this Schedule 7.5 (Reports, Records and Audit Rights) (together "**Records**"):-
		1. in accordance with the requirements of The National Archives and Market Practice;
		2. in chronological order;
		3. in a form that is capable of audit; and
		4. at its own expense.
	2. The Supplier shall make the Records available for inspection to the Customer on request, subject to the Customer giving reasonable notice.
	3. Where Records are retained in electronic form, the original metadata shall be preserved together with all subsequent metadata in a format reasonably accessible to the Customer.
	4. The Supplier shall, during the Framework Term or Call-Off Term (as appropriate depending on the Record) and for a period of at least seven (7) years following the expiry or termination of this Framework Agreement or the relevant Call-Off Contract, maintain or cause to be maintained complete and accurate documents and records in relation to the provision of the Services including but not limited to all Records.
	5. Records that contain financial information shall be retained and maintained in safe storage by the Supplier for a period of at least seven (7) years after the expiry or termination of the relevant Call-Off Contract to which they relate.
	6. Without prejudice to the foregoing, during the Call-Off Term the Supplier shall provide the Customer:-
		1. as soon as they are available, and in any event within 60 Working Days after the end of the first six (6) months of each financial year of the Supplier, a copy, certified as a true copy by an authorised representative of the Supplier, of its un‑audited interim accounts and, if applicable, of consolidated un‑audited interim accounts of the Supplier and its Affiliates which would (if the Supplier were listed on the London Stock Exchange (whether or not it is)) be required to be sent to shareholders as at the end of and for each such six (6) month period; and
		2. as soon as they shall have been sent to its shareholders in order to be laid before an annual general meeting of the Supplier, but not later than 130 Working Days after the end of each accounting reference period of the Supplier part or all of which falls during any Call-Off Term, the Supplier's audited accounts and if applicable, of the consolidated audited accounts of the Supplier and its Affiliates in respect of that period together with copies of all related directors' and auditors' reports and all other notices/circulars to shareholders.
2. FINANCIAL transparency objectives
	1. The Supplier acknowledges that the provisions of this Schedule are designed (inter alia) to facilitate, and the Supplier shall co‑operate with the Customer in order to achieve, the following objectives:-

**Understanding the Charges**

* + 1. for the Customer to understand any payment sought from it by the Supplier;
		2. for both Parties to be able to understand the relevant financial model and cost forecasts and to have confidence that these are based on justifiable numbers and appropriate forecasting techniques;

**Agreeing the impact of Change**

* + 1. for both Parties to agree the quantitative impact of any Changes that affect ongoing costs and to identify how these could be mitigated and/or reflected in the Supplier's Charges;
		2. for both Parties to be able to review, address issues with and re‑forecast progress in relation to the provision of the Services;

**Continuous improvement**

* + 1. for the Parties to challenge each other with ideas for efficiency and improvements; and
		2. to enable the Customer to demonstrate that it is achieving value for money for the tax payer relative to current market prices,

(together the "**Financial Transparency Objectives**").

1. OPEN BOOK DATA
	1. The Supplier acknowledges the importance to the Customer of the Financial Transparency Objectives and the Customer's need for complete transparency in the way in which the Charges are calculated.
	2. During the Call-Off Term, and for a period of seven (7) years following the end of the Call-Off Term, the Supplier shall:-
		1. maintain and retain the Open Book Data and any supporting documents; and
		2. disclose and allow the Customer and/or the Audit Agents access to the Open Book Data.
2. PROVISION OF THE REPORTS
	1. The Supplier shall provide the reports (including financial reports and/or statements) as may be set out in Schedule 7.5 (Call-Off Reports, Records and Audit Rights).
	2. The Supplier shall provide to the Customer the Reports in the same software package (Microsoft Excel or Microsoft Word), layout and format as the blank templates which have been issued by the Customer to the Supplier on or before the Call-Off Effective Date for the purposes of each Call-Off Contract. The Customer shall be entitled to modify the template for any Report by giving written notice to the Supplier, including a copy of the updated template.
	3. A copy of each Report shall be held by both the Customer and the Supplier. If there is a Dispute regarding a Report, the Customer's copy of the relevant Report shall be authoritative.
	4. Each Report shall:-
		1. be completed by the Supplier using reasonable skill and care;
		2. incorporate and use the same defined terms as are used in this Framework Agreement or Call-Off Contract (as appropriate);
		3. quote all monetary values in pounds sterling;
		4. quote all costs as exclusive of any VAT; and
		5. quote all costs and Charges based on current prices.
3. Key Sub-contractors
	1. The Supplier shall, if requested by the Customer, provide (or procure the provision of) a report or reports including the level of information set out in the Reports in relation to the costs and expenses to be incurred by any of its Key Sub‑contractors.
	2. Without prejudice to Paragraph 7.1, the Supplier shall:-
		1. be responsible for auditing the financial models/reports of its Key Sub‑contractors and for any associated costs and expenses incurred or forecast to be incurred; and
		2. on written request by the Customer, provide the Customer or procure that the Customer is provided with:-
			1. full copies of audit reports for the Key Sub‑contractors.
			2. further explanation of, and supporting information in relation to, any audit reports provided.
4. AUDIT RIGHTS
	1. The Customer acting by itself or through its Audit Agents, shall have the right during the Call-Off Term and for a period of eighteen (18) months thereafter, to assess compliance by the Supplier and/or its Key Sub‑contractors of the Supplier's obligations under the Framework Agreement (if any) or any Call-Off Contract, including for the following purposes:-
		1. to verify the integrity and content of any Report;
		2. to verify the accuracy of the Charges and any other amounts payable by the Customer under any Call-Off Contract (and proposed or actual variations to such Charges and payments);
		3. to verify the Costs (including the amounts paid to all Sub‑contractors and any third party suppliers);
		4. to verify the Open Book Data;
		5. to verify the Supplier's and each Key Sub‑contractor's compliance with this Framework Agreement, any Call-Off Contract and applicable Law;
		6. to identify or investigate actual or suspected fraud, impropriety or accounting mistakes or any breach or threatened breach of security and in these circumstances the Customer shall have no obligation to inform the Supplier of the purpose or objective of its investigations;
		7. to identify or investigate any circumstances which may impact upon the financial stability of the Supplier, any Guarantor and/or any Key Sub‑contractors (as each may be applicable) or their ability to perform the Services;
		8. to obtain such information as is necessary to fulfil the Customer's obligations to supply information for parliamentary, ministerial, judicial or administrative purposes including the supply of information to the Comptroller and Auditor General;
		9. to review any books of account and the internal contract management accounts kept by the Supplier in connection with this Framework Agreement or any Call-Off Contract;
		10. to carry out the Customer's internal and statutory audits and to prepare, examine and/or certify the Customer's annual and interim reports and accounts;
		11. to enable the National Audit Office to carry out an examination pursuant to section 6(1) of the National Audit Act 1983 of the economy, efficiency and effectiveness with which the Customer has used its resources;
		12. to verify the accuracy and completeness of any Management Information delivered or required by this Framework Agreement or any Call-Off Contract;
		13. to review any Performance Monitoring Reports and/or other records relating to the Supplier's performance of the Services and to verify that these reflect the Supplier's own internal reports and records;
		14. to inspect the IT Environment (or any part of it) and the wider service delivery environment (or any part of it);
		15. to review the accuracy and completeness of the Registers;
		16. to review the Supplier's quality management systems (including all relevant quality plans and any quality manuals and procedures);
		17. to review the Supplier's compliance with the Standards;
		18. to inspect the Customer Assets, including the Customer's IPRs, equipment and facilities, for the purposes of ensuring that the Customer Assets are secure and that any register of assets (as may be required) is up to date; and/or
		19. to review the integrity, confidentiality and security of the Customer Data.
	2. Except where an audit is imposed on the Customer by a regulatory body or where the Customer has reasonable grounds for believing that the Supplier has not complied with its obligations under this Framework Agreement or any Call-Off Contract, the Customer may not conduct an audit of the Supplier or of the same Key Sub‑contractor more than twice in any Contract Year.
	3. Nothing in this Framework Agreement or any Call-Off Contract shall prevent or restrict the rights of the Comptroller and/or Auditor General and/or their representatives from carrying out an audit, examination or investigation of the Supplier and/or any of the Key Sub‑contractors for the purposes of and pursuant to applicable Law.
5. CONDUCT OF AUDITS
	1. The Customer shall during each audit comply with those security, sites, systems and facilities operating procedures of the Supplier that the Customer deems reasonable and use its reasonable endeavours to ensure that the conduct of each audit does not unreasonably disrupt the Supplier or delay the provision of the Services.
	2. Subject to the Customer's obligations of confidentiality, the Supplier shall on demand provide the Customer and the Audit Agents with all reasonable co‑operation and assistance (and shall procure such co‑operation and assistance from its Sub‑contractors) in relation to each audit, including:-
		1. all information requested by the Customer within the permitted scope of the audit;
		2. reasonable access to any Sites and to any equipment used (whether exclusively or non‑exclusively) in the performance of the Services;
		3. access to the Supplier System; and
		4. access to Supplier Personnel.
	3. The Supplier shall implement all measurement and monitoring tools and procedures necessary to measure and report on the Supplier's performance of the Services against the applicable Call-Off Contract Performance Indicators at a level of detail sufficient to verify compliance with the Call-Off Contract Performance Indicators.
	4. The Customer shall endeavour to (but is not obliged to) provide at least fifteen (15) Working Days' notice of its intention to conduct an audit.
	5. The Parties agree that they shall bear their own respective costs and expenses incurred in respect of compliance with their obligations under this Paragraph 9, unless the audit identifies a material Default by the Supplier in which case the Supplier shall reimburse the Customer for all the Customer's reasonable costs incurred in connection with the audit.
6. USE OF SUPPLIER'S INTERNAL AUDIT TEAM
	1. As an alternative to the Customer's right pursuant to Paragraph 8.1 to exercise an audit either itself or through its Audit Agents, the Customer may require in writing that an audit is undertaken by the Supplier's own internal audit function for any of the purposes set out in Paragraph 8.1.
	2. Following the receipt of a request from the Customer under Paragraph 10.1 above, the Supplier shall procure that the relevant audit is undertaken as soon as reasonably practicable and that the Customer has unfettered access to:-
		1. the resultant audit reports; and
		2. all relevant members of the Supplier's internal audit team for the purpose of understanding such audit reports.
7. RESPONSE TO AUDITS
	1. If an audit undertaken pursuant to Paragraphs 8 or 10 identifies that:-
		1. the Supplier has committed a Default, the Customer may (without prejudice to any rights and remedies the Customer may have) require the Supplier to correct such Default as soon as reasonably practicable and, if such Default constitutes a Notifiable Default, to comply with the Rectification Plan Process;
		2. there is an error in a financial report, the Supplier shall promptly rectify the error;
		3. the Customer has overpaid any Charges, the Supplier shall pay to the Customer:-
			1. the amount overpaid;
			2. interest on the amount overpaid at the applicable rate under the Late Payment of Commercial Debts (Interest) Act 1998, accruing on a daily basis from the date of overpayment by the Customer up to the date of repayment by the Supplier; and
			3. the reasonable costs incurred by the Customer in undertaking the Audit and the Customer may exercise its right to deduct such amount from the Charges if it prefers; and
		4. the Customer has underpaid any Charges, the Supplier shall not be entitled to increase the Charges paid or payable by the Customer.
8. Supplier audits
	1. Notwithstanding the remaining provisions of this Schedule 7.5 (Reports, Records and Audit Rights) where a Call-Off Contract is classified as Tier One for Schedule 7.5 (Reports, Records and Audit Rights) within the Tiering Matrix, the Supplier shall within twenty (20) Working Days following the end of each Call-Off Contract Year conduct an annual financial audit which must be carried out by a third party in accordance with this Paragraph 12:-
		1. the annual financial audit shall be at the Supplier's cost;
		2. the scope of the audit will be proposed by the Supplier to the Customer but shall cover any Call-Off Contract entered into under it only and not the Supplier's wider business operations. The Customer will review the scope and confirm (by counter signing the scope) its agreement to such scope prior to commencement of the audit;
		3. the Supplier shall commission the audit in a timely manner and keep the Customer fully updated and provide the Customer with a full copy of the audit results as soon as reasonably practicable following its receipt from the third party auditor;
		4. the Supplier shall endeavour to ensure that the report is capable of reliance on by the Customer; and
		5. the Parties agree that if the audit finds any material issues which require additional work by the auditor (in the reasonable opinion of the Customer or the Supplier) such additional work shall also be carried out at the Supplier's expense.
9. RECORDS TO BE KEPT BY THE SUPPLIER

The records to be kept by the Supplier are:-

1. this Framework Agreement, any Call-Off Contract and, in each case, its Schedules and all amendments to such documents;
2. all other documents which this Framework Agreement or any Call-Off Contract expressly requires to be prepared;
3. records relating to the appointment and succession of the Supplier Representative and each member of the Key Personnel;
4. notices, reports and other documentation submitted by any Expert;
5. all operation and maintenance manuals prepared by the Supplier for the purpose of maintaining the provision of the Services and the underlying IT Environment and Supplier Equipment;
6. documents prepared by the Supplier or received by the Supplier from a third party relating to a Force Majeure Event;
7. all formal notices, reports or submissions made by the Supplier to the Customer Representative in connection with the provision of the Services;
8. all certificates, licences, registrations or warranties in each case obtained by the Supplier in relation to the provision of the Services;
9. documents prepared by the Supplier in support of claims for the Charges;
10. documents submitted by the Supplier pursuant to the Change Control Procedure;
11. documents submitted by the Supplier pursuant to invocation by it or the Customer of the Dispute Resolution Procedure;
12. documents evidencing any change in ownership or any interest in any or all of the shares in the Supplier and/or the Guarantor, where such change may cause a change of Control; and including documents detailing the identity of the persons changing such ownership or interest;
13. invoices and records related to VAT sought to be recovered by the Supplier;
14. financial records, including audited and un‑audited accounts of the Guarantor and the Supplier;
15. records required to be retained by the Supplier by Law, including in relation to health and safety matters and health and safety files and all consents;
16. all documents relating to the insurances to be maintained under this Framework Agreement or any Call-Off Contract and any claims made in respect of them;
17. all journals and audit trail data referred to in Schedule 2.4 (Information Security and Assurance); and
18. all other records, notices or certificates required to be produced and/or maintained by the Supplier pursuant to this Framework Agreement or any Call-Off Contract.