



Home Office

AUTHORITY: The Secretary of State for the Home Department

SCHEDULE 15
AUDIT ACCESS

NEXT GENERATION OUTSOURCED VISA SERVICES

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SCHEDULE 15

AUDIT ACCESS

1. INTRODUCTION

- 1.1 This Schedule describes the Supplier's obligations and the Authority's rights in connection with the manner in which the Authority may carry out Audits, the Supplier's obligations regarding Audits, risk reporting and Supplier Audits. It also sets out the statutory requirements relating to the NAO.
- 1.2 Whenever in this Schedule the Authority is specified as having a right, the Authority may choose to exercise such right through an Authority Audit Representative.
- 1.3 Unless otherwise agreed, the Supplier shall ensure that each Material Subcontractor gives the Authority the same rights and agrees to fulfil the same obligations as are undertaken by the Supplier under this Schedule.
- 1.4 In this Schedule, unless the contrary intention appears, each term will have the meaning set out in Schedule 1 (**Definitions**).

2. RECORD KEEPING

- 2.1 The Supplier and each Material Subcontractor shall maintain (in an orderly, auditable and accessible manner) a complete, accurate and up-to-date audit trail of all information, data, documents and records relating to its fulfilment of the Services Requirements and otherwise relating to this Agreement (including the records and documentation specified in Section 2.3) that are required to be maintained in accordance with the Authority Policies, statutory requirements, to meet the Authority's Audit Rights and otherwise in accordance with Good Industry Practice ("**Audit Records**") and shall comply with the terms of the Agreement and the Authority Policies in relation to such Audit Records.
- 2.2 Wherever practical, original records shall be retained and maintained in hard copy form. True copies of the original records may be kept by the Supplier where it is not practicable to retain original records
- 2.3 Without limiting Section 2.1, the Audit Records shall include:
 - 2.3.1 complete, accurate, up-to-date and valid records and supporting documentation of invoices submitted to the Authority, and payments made by the Authority, under this Agreement, in accordance with GAAP;
 - 2.3.2 a log of the number of enquiries or complaints received from Visa Applicants with basic data about the nature of each enquiry or complaint and any resolution or escalation;
 - 2.3.3 a record of all Visa Applications Supporting Documents accepted by the Supplier, such record to include the date and time of the application, the type of Visa applied for, the date and time of delivery to the Post;
 - 2.3.4 a comprehensive list of Incidents together with details of investigative reports and lessons learnt and mitigating actions taken by the Supplier to prevent similar Incidents from reoccurring;
 - 2.3.5 a log of all Tamper Evident Envelopes returned from the Decision Making Centres or Document Handling Centres in which the decision is included, which are to be returned

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- to the Visa Applicant including, when and by which method the Tamper Evident Envelopes are returned;
- 2.3.6 this Agreement, its Schedules and all amendments to such documents;
 - 2.3.7 all other documents which this Agreement expressly requires to be prepared;
 - 2.3.8 Records relating to the appointment and succession of the Supplier's Representative(s);
 - 2.3.9 notices, reports and other documentation submitted by an expert;
 - 2.3.10 all operation and maintenance manuals prepared by the Supplier for the purpose of maintaining the provision of the Services and the underlying System and Infrastructure;
 - 2.3.11 documents prepared by the Supplier or received by the Supplier from a third party relating to a Force Majeure Event;
 - 2.3.12 all formal notices, reports or submissions issued by the Supplier to the Authority Representative in connection with this Agreement;
 - 2.3.13 all certificates, licences, registrations or warranties in each case obtained by the Supplier in relation to the operation of the Service;
 - 2.3.14 documents submitted by the Supplier in accordance with the Change Control Procedure;
 - 2.3.15 documents submitted by the Supplier pursuant to invocation by it or the Authority of the Dispute Resolution Procedure;
 - 2.3.16 documents evidencing any change in ownership or any interest in any or all of the shares in the Supplier and/or the Guarantor;
 - 2.3.17 financial records, including audited and un-audited accounts of the Guarantor and the Supplier;
 - 2.3.18 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;
 - 2.3.19 all documents relating to the insurances to be maintained under this Agreement and any claims made in respect of them; and
 - 2.3.20 all other records, notices or certificates required to be produced and/or maintained by the Supplier pursuant to this Agreement.
- 2.4 The Supplier shall maintain and store in a secure manner all Audit Records, historical records or data existing and made available to the Supplier at the Effective Date, and upon request, shall provide access to the Authority to such records and data until the later of:
- 2.4.1 seven (7) years after the end of the Contract Term or any extended Contract Term;
 - 2.4.2 the date that all pending matters relating to the Agreement (including disputes) are closed;
 - 2.4.3 the date when such Audit Records are no longer required to meet the Authority Policies, as such the Authority Policies may be amended from time to time; or
 - 2.4.4 such date as may be necessary to meet any applicable regulatory or legal requirement.

3. AUDIT RIGHTS

- 3.1 The Authority shall have the right to perform audits, examinations and inspections of the Supplier (and shall have the right to have access to, and take copies of, Audit Records) in order to:
- 3.1.1 examine the Supplier's fulfilment of the Services Requirements, including verifying compliance with the Performance Standards and the accuracy of related measuring and reporting requirements, as set out in the Agreement;
 - 3.1.2 verify the accuracy of all Service Charges or any proposed or actual adjustments thereof (and any other amounts payable under the Agreement) and of all invoices provided;
 - 3.1.3 verify the integrity, confidentiality and security of the Authority Data and examine and inspect the Infrastructure Systems (or any parts thereof) that process, store, support and transmit the Authority Data;
 - 3.1.4 examine the accuracy of the calculation of Service Credits due in accordance with Schedule 7 (**Service Levels and Service Credits**) (including inspecting and verifying the measurement and monitoring Tools specified in or agreed pursuant to that Schedule);
 - 3.1.5 audit, to the extent applicable to the fulfilment of the Services Requirements by the Supplier, all risk management, governance and control procedures used by the Supplier to manage the risks applicable to its fulfilment of the Services Requirements, including:
 - (a) the Supplier's practices and procedures;
 - (b) the Assets used to fulfil the Services Requirements;
 - (c) the Supplier's general controls and security practices and procedures (including the performance of penetration testing);
 - (d) the Supplier's disaster recovery and back-up procedures; and
 - (e) the use by or on behalf of the Supplier of any of the Authority Assets;
 - 3.1.6 verify the Supplier's maintenance of, and compliance with, the Exit Plan, as specified in Schedule 9 (**Exit Management**);
 - 3.1.7 verify the Supplier's compliance with its obligations relating to business continuity and disaster recovery planning and testing, as specified in the Agreement;
 - 3.1.8 identify suspected fraud or material accounting mistakes, provided that the Authority shall be under no obligation to inform the Supplier of the objective of its investigations;
 - 3.1.9 carry out an examination pursuant to Section 6(1) of the National Audit Act 1983 of the economy, efficiency and effectiveness with which the Authority has used its resources;
 - 3.1.10 carry out any audit activity required by the Authority to enable the Authority to meet, or to verify compliance by the Authority or the Supplier with the Data Protection Act 1988, the Freedom of Information Act 2000 and any other Laws applicable to the Services;
 - 3.1.11 to carry out the audit and certification of the Authority's accounts;
 - 3.1.12 to inspect any IT environment (or any part of it) used for or in connection with the delivery of the Services;

- 3.1.13 to inspect the Authority's property, including the Authority's Intellectual Property, the Equipment, Facilities and maintenance, for the purposes of ensuring that the Authority's assets are secure and that any register of Assets is up to date; and/or
- (a) to ensure that the Supplier is complying with the Standards;
 - (b) to review the accuracy and completeness of any register the Supplier is required to maintain;
- 3.1.14 verify the Supplier's compliance with the Authority's policies; and
- 3.1.15 carry out any audit activity reasonably required by the Authority to otherwise verify the Supplier's compliance with the provisions of the Agreement,
- collectively, "**Audits**".
- 3.2 The Authority shall provide reasonable prior notice (which shall be at least ten (10) Working Days' notice) of any Audit it intends to carry out pursuant to this Schedule provided that in cases of emergency or for one of the following purposes, no prior notice is required (and the Supplier shall grant to the Authority immediate access and all necessary assistance for):
- 3.2.1 Regulatory Audits for which it is not reasonably possible to give full notice;
 - 3.2.2 Audits which are required by the Authority for reasons of suspected fraud or dishonesty;
 - 3.2.3 Audits which are required by the Authority to verify the Supplier's compliance with the security requirements set out in the Agreement, including Schedule 4 (**Security**), and security Audits following a suspected security breach or a number of security breaches;
 - 3.2.4 Audits which are required by the Authority, where the Authority suspects that the Supplier may be in Material Default;
 - 3.2.5 "mystery shopper" type Audits to verify the integrity, effectiveness and acceptability of the Visa Application Services from a Visa Applicant's perspective; and
 - 3.2.6 other Audits, the nature of which genuinely and reasonably requires that no prior or full notice be given to the Supplier.
- 3.3 The Authority at its discretion may conduct an audit of the Supplier's Material Subcontractors. The Authority will advise the Supplier if it intends to carry out an Audit, in accordance with clause 3.2 above. If the Authority gives notice to the Supplier, The Supplier shall make the necessary arrangements for the audit to take place.
- 3.4 The Supplier shall maintain a record of all documents and/or the contents of removable media which the Authority has taken to fulfil its Audit requirements.
- 4. ACCESS TO THE SUPPLIER'S FACILITIES AND MATERIALS**
- 4.1 In connection with any Audit, the Supplier shall give the Authority (and / or its agents or representatives) access for as long as necessary to those parts of the Supplier Facilities where any Supplier Personnel, Audit Records, Supplier Materials, Supplier Subcontractors, Infrastructure Systems and any other of the Supplier's data, records and systems relating to the fulfilment of the Services Requirements are located.
 - 4.2 In connection with any of the Audits specified in Sections 3.2.1 to 3.2.6, the Supplier shall provide the Authority, upon request, with full access to the Supplier Personnel. In connection

with any other Audit, the Supplier shall provide the Authority, upon request, with such access to Supplier Personnel as is reasonably necessary.

- 4.3 In connection with any Audit, the Supplier shall provide the Authority with full access, upon request, for as long as necessary, to the Audit Records and, in addition, shall provide to the Authority (without charge) all such assistance and co-operation as shall be reasonably necessary in connection with any such Audit.
- 4.4 The Authority shall ensure that in carrying out the Audit, the Authority Audit Representative complies with the health and safety and security requirements notified by the Supplier.

5. ACTION ON AUDIT REPORTS

- 5.1 Upon completion of an Audit, the Authority Audit Representative (or such other person as the Authority may nominate) shall then prepare a written report ("**Audit Report**") detailing the findings.
- 5.2 Subject to security classification or other confidentiality restrictions, the Supplier shall be entitled to receive a copy of those parts of the Audit Reports which are relevant to the Supplier's performance under this Agreement. The Parties shall develop, agree and follow procedures for the sharing of Audit Reports.
- 5.3 The Supplier and the Authority shall meet to review Audit Reports in line with the procedures developed and agreed by the Business Development Board. Such meetings shall take place on a quarterly basis, save in respect of Audit Reports which require more frequent review, as reasonably requested by the Authority.
- 5.4 With respect to any findings by the relevant Audit of any material failure by the Supplier to comply with the requirements of the Agreement including:
 - 5.4.1 any Authority Policies or Law;
 - 5.4.2 with respect to the fulfilment of the Services Requirements or the systems, operations or procedures used to deliver the Supplier's Solution; or
 - 5.4.3 a failure by the Supplier to comply with its obligations in this Agreement in respect of information security and the Data Protection Act,

the Supplier will agree with the Authority and then implement the appropriate corrective or remedial action, at no additional cost to the Authority.

- 5.5 If an Audit identifies that;
 - 5.5.1 the Authority has overpaid the Service Charges, the Supplier shall pay to the Authority the amount overpaid within twenty (20) Working Days. The Authority may deduct the relevant amount from the Service Charges if the Supplier fails to make this payment; and
 - 5.5.2 the Authority has underpaid any amount due as part of the Service Charges, the Authority shall pay to the Supplier the amount of the under-payment, less the cost of Audit incurred by the Authority if this was due to a Default by the Supplier in relation to invoicing, within twenty (20) Working Days.
- 5.6 Without limiting the generality of the foregoing, if as a result of an Audit the Authority discovers that any systems, procedures, policies or standards used in the fulfilment of the Services Requirements conflict with, interfere with, or do not comply with the Agreement, then the

Supplier will modify the same as reasonably required by the Authority. The Supplier will take such actions as are necessary to bring it into compliance with the Agreement to the Authority's reasonable satisfaction. If there is any dispute as to whether a failure which may be corrected, remedied or otherwise resolved by modifications has occurred, the Authority may request the Supplier to implement such change in accordance with the timetable set out in the Audit Report and the Services Requirements will be fulfilled with such change in effect, notwithstanding the existence of a disagreement that may be resolved pursuant to the Dispute Resolution Procedure.

- 5.7 The Supplier shall provide, at a minimum, monthly updates to the Authority on the implementation of all actions and recommendations made in Audit Reports, and the Parties shall meet to review the progress made by the Supplier in implementing such actions and recommendations including rectification reviews required in connection with the requirements of any regulator, in line with the procedures developed and agreed by the Parties (acting reasonably).
- 5.8 If there is a dispute in relation to any Audit Report or audit findings, the Parties will resolve such dispute in accordance with the Dispute Resolution Procedure.

6. COMPTROLLER AND AUDITOR GENERAL AND THE NAO

- 6.1 For the purposes of:

- 6.1.1 the examination and certification of the accounts of the Authority, which includes, for the avoidance of doubt, purposes associated with the National Audit Act 1983, and the Government Resources and Accounts Act 2000 (Rights of Access of Comptroller and Auditor General) Order 2003 and any other similar legislation that may come into force; and/or
- 6.1.2 any examination pursuant to Section 6(1) of the National Audit Act 1983 of the economy, efficiency and effectiveness with which the Authority has used its resources,

the Comptroller and Auditor General and/or his representatives ("C&AG") shall have the right to examine the Audit Records and all such documents and other information owned, maintained or held by, or otherwise in the control of the Supplier as the C&AG may reasonably require or reasonably consider necessary. The Supplier shall provide access (and shall procure that any person acting on the Supplier's behalf who has such Audit Records, documents and/or other information shall also provide access) to such Audit Records, documents and/or other information for C&AG for such purposes. Further, the Supplier shall furnish to the C&AG such oral or written explanations as he reasonably requires for such purposes on the same terms that the Supplier is required to provide access and assistance to the Authority as set out in this Schedule. The Supplier will not be liable for the C&AG's own costs of such examination and clarification.

- 6.2 For the avoidance of doubt, it is hereby declared that Section 6.1 above does not constitute a requirement or agreement for the examination, certification or inspection of the accounts of the Supplier by the C&AG under Section 6(3)(d) of the National Audit Act 1983.

7. SUPPLIER AUDITS AND RISK REPORTING

- 7.1 During the Contract Term, the Supplier and the Supplier Subcontractors shall conduct internal reviews and audits of, or pertaining to, the fulfilment of the Services Requirements in a manner consistent with the audit practices of well-managed operations performing services similar to the Supplier in its fulfilment of the Services Requirements (the "Supplier Audits"). The Supplier Audits shall include random quality audits.

- 7.2 The Supplier shall:
- 7.2.1 inform the Authority of the identities of its internal representatives that have responsibility for audit and security;
 - 7.2.2 provide details to the Authority on an annual basis, of the Supplier's own audit and security programmes including planned audit timetables and such further details as the Authority may reasonably request from time to time in connection with such programmes; and
 - 7.2.3 ensure that its representatives liaise with the Authority, regarding the potential for joint working, where practicable, and the development of the necessary procedures to support this aim.
- 7.3 The Supplier shall ensure that, as part of the Supplier Audits, a security audit (which shall, subject to prior agreement of the Authority, include penetration testing of the Supplier's systems) is carried out, at least once per Contract Year. The Supplier shall provide details of the proposed scope of such audits to the Authority within 3 months of the Effective Date. The Authority shall confirm that the proposed scope is sufficient or will identify required additions to the proposed scope as necessary. The Authority reserves the right to request that the Audit is carried out by an independent third party. Where the independent tester's report recommends remedial actions to bring the Supplier into compliance with the security standards required under this Agreement, which do not relate to pre-existing weaknesses inherited from the Authority, the Supplier will implement these at its own cost and expense and in accordance with a plan and timetable agreed between the Parties in accordance with the Change Control Procedure.
- 7.4 The Supplier shall notify the Authority as soon as practicable, and in any event within five (5) Working Days, where any statutory and/or Regulatory Audit is carried out which includes any aspect of the fulfilment of the Services Requirements or is otherwise pertinent to the Agreement.
- 7.5 The Supplier shall where requested by the Authority promptly make available to the Authority the results of any Supplier Audit and, in particular, the Supplier shall immediately notify the Authority of any finding or report concerning any actual or suspected error with respect to amounts charged to the Authority under the Agreement or with regard to any significant or material weakness identified in the Supplier's business, operations, systems, procedures or controls or which may otherwise impact on the Supplier's ability to fulfil the Services Requirements in accordance with the Agreement.
- 7.6 The procedures for sharing Audit Reports, to be developed in accordance with Section 5.2, shall also apply to Supplier Audit reports. Such procedures will also require, subject to applicable Law:
- 7.6.1 that where a report is being prepared by an external auditor for the Supplier, drafts shall be submitted to the Authority simultaneously with any draft submitted to the Supplier; and
 - 7.6.2 that no report in connection with any Supplier Audit (whether prepared by an external or internal auditor or other person) shall be issued in final form without the Authority's prior approval.
- 7.7 The Supplier and the Authority shall meet to review any Supplier Audit report promptly and in any event within thirty (30) Working Days after the issuance thereof, and shall mutually agree upon the appropriate manner, if any, in which to respond to the changes suggested by the Supplier Audit Report. Unless otherwise agreed, such changes shall be implemented as described in Section 5.6.

8. ASSISTANCE

- 8.1 The Supplier shall promptly and efficiently co-operate with and provide the Authority with any and all assistance reasonably required (including installing and operating audit software) in carrying out the Audits.
- 8.2 The Supplier shall make available personnel from its internal audit team. Such personnel shall liaise with and cooperate with the Authority or an Authority Audit Representatives in order to assist with the conduct of the Authority's Audit activities including, where possible, avoiding duplication of such activities.
- 8.3 Where the Authority requests the removal of a particular Supplier internal audit team member for reasons of competence, the Supplier shall, as soon as practicable, replace that individual with another suitably qualified member of the Supplier's internal audit team.

9. OVERCHARGING AND COSTS

- 9.1 If any Audit reveals any overcharging in any of the Supplier's invoices due to an act or omission of the Supplier, an appropriate correcting credit equivalent to the amount of the overcharge (plus interest at the rate applicable to disputed payments under the Terms and Conditions) shall be made to the Authority as soon as reasonably practicable.
- 9.2 Except as expressly set out in this Section 9, each Party shall bear its own costs and expenses incurred in connection with the performance of Audits and otherwise under this Schedule, unless the Audit identifies a material Default by the Supplier, in which case the Supplier shall reimburse the Authority for all of the Authority's reasonable costs incurred in the course of the Audit.
- 9.3 The Supplier shall reimburse, and indemnify, the Authority in connection with any Audit which uncovers any material breach by the Supplier of any of its obligations under this Agreement and/or any fraud and/or any overcharging by the Supplier

10. DURATION OF AUDIT RIGHTS

The Authority may exercise any of its Audit Rights set out in this Schedule during the Contract Term and for a period of three (3) years afterwards. Thereafter, Audit Rights may only be carried out as long as required by a Law (including for statutory accounting purposes).