

**Reconciliation Service: Service Description**  
**Commercial in Confidence****Ref:** SVM/SDM/SD/0015  
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**Document Title:** Reconciliation Service: Service Description

**Document Type:** Service Description – Contract Controlled Document

**Release:** HNG-X and HNG-X Application Roll Out Transitional Period

**Abstract:** Service Description for the Reconciliation Service as provided under contract to Post Office

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## 0.0 Document Control

### 0.1 Document History

Version No.	Date	Reason for Issue	Associated CP/PEAK/PPRR Reference
1.0	31/08/06	Agreed	
1.1	27/10/2008	Review: change of Document Owner	
2.0	14/07/2009	Updated following feedback and Agreed	

### 0.2 Review Details

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### 0.3 Associated Documents

Reference	Version	Date	Title	Source
SVM/SDM/PRO/0012			Reconciliation and Incident Management - Joint Working Document	Dimensions
SVM/SDM/TP/0001			HNG-X Operational Test Plan – Joint Working Document	Dimensions
SVM/SDM/PLA/0001			HNG-X Support Service Business Continuity Plan – Joint Working Document	Dimensions
SVM/SDM/SD/0020			End to End Reconciliation Reporting	Dimensions
SVM/SDM/SD/0007			Service Management Service: Service Description	Dimensions
ER/IFS/002			Horizon Streamline Application Interface Specification	Dimensions
EF/SER/001			Debit Card MoP Functional Description	Dimensions
ET/IFS/001			Application Interface Specification: Horizon to E-pay	Dimensions

Unless a specific version is referred to above, reference should be made to the current approved versions of the documents.

N.B. Printed versions of this document are not under change control.

### 0.4 Abbreviations/Definitions

Abbreviation	Definition
BIM	Business Incident Management
CAPO	Card Account Post Office
CCD	Contract Controlled Document
D&CC	Debit and Credit Card
Debit Card Exception	Debit Card Transaction which is in system state category number 1 or 6, as set out in the CCD entitled "End-to-End Reconciliation Reporting" (SVM/SDM/SD/0020)
Debit Card Exception Reimbursement	A Debit Card exceptions classified as such by Fujitsu Services in the relevant BIM Report
Debit Card Transaction Value	The Transaction value (in pounds sterling) of the relevant Debit Card exception
DRSH	Data Reconciliation Service Host
EPAY	Electronic Top-up
MA	Merchant Acquirer
MoP	Method of Payment

Measurement Period Expiry Date	The date falling 6 months after the date upon which the Debit Card conditions are satisfied in respect of the first location in which Debit Card conditions are introduced
MER	Manual Error Report
OLT	Operational Level Target
POLFS	Post Office Limited Management Financial System
Reconciliation Day	08:00 to 17:30, Monday to Friday (inclusive), excluding Bank Holidays;
Relevant Data	Data supplied via a BIM Report as defined within the Working Document entitled: "Reconciliation and Incident Management - Joint Working Document" (SVM/SDM/PRO/0012)
SLT	Service Level Target
SRB	Service Review Book
TPS	Transaction Processing System

## 0.5 Changes in this Version

Version	Changes
1.1	Document Owner, Abbreviations, and Review for CCN
2.0	Updated document following comments sheets

## 0.6 Changes Expected

Changes
Expected changes should the HNG-X design or solution require amendment to the service provided by Fujitsu Services.
Post contract signature following agreement to any Draft Notes (DN) included within the document.

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## 1.0 Service Summary

- 1.1. Fujitsu Services will provide a Reconciliation Service to ensure financial integrity across all Transactions processed through the Branch Infrastructure and the HNG-X Central Infrastructure. Reconciliation of these Transactions is completed (a) to ensure all Transactions processed by a Branch are correctly accounted for within the POL FS System and (b) to ensure that there is a reconciliation between:
  - 1.1.1. Transactions sent to APS Clients and the POL FS System; and
  - 1.1.2. Transactions sent to Banks and the POL FS System, namely:
    - (a) deposits into and withdrawals from bank accounts;
    - (b) withdrawals from Card Account at Post Office (CAPO) accounts;
    - (c) debit and credit card Transactions; and
    - (d) Electronic Top Up (ETU) Transactions.
- 1.2. The Reconciliation Service will provide a number of Reports to Post Office giving a statement of reconciliation across the agreed boundary points within the HNG-X Service Infrastructure.
- 1.3. Where Fujitsu Services is unable to reconcile any Transaction referred to in section 1.1 (such Transaction then being referred to as an 'Exception'), such Exception will be identified and reported to Post Office and progressed to resolution by the Reconciliation Service.
- 1.4. Where Post Office is unable to reconcile any Transaction referred to in section 1.1 (such Transaction then being referred to as an 'Error'), Post Office shall inform Fujitsu Services and such Error will be progressed to resolution by the Reconciliation Service.

## 2.0 HNG-X

### 2.1 Service Definition

#### 2.1.1 Branch Reconciliation

- 2.1.1.1. The Transaction Processing System (TPS) Report set has been designed to enable reconciliation of the Transactions which are carried out in Branches using the Branch Infrastructure and are sent (a) to the POL FS System and (b) to Post Office Management Information Systems (POL MIS). Full details of the format and content of such Report set can be found in the CCD entitled: *"End to End Reconciliation Reporting"* (SVM/SDM/SD/0020).

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- 2.1.1.2. The Reconciliation Service will be responsible for reconciling any zero value Transactions i.e. the number of APS Transactions where there is no value attached. In addition, the Reconciliation Service is responsible for Transaction Corrections received from Post Office for distribution to the Branches.
- 2.1.1.3. In addition to any Exceptions identified by Fujitsu Services within the TPS Report set, Errors may also be discovered by Post Office when reconciling data within the POL FS System or which relate to enquiries from Clients.
- 2.1.1.4. The investigation and resolution of TPS Exceptions and Errors shall be dealt with through the Business Incident Management (BIM) reconciliation procedure. Such procedure shall be initiated by the creation of Business Incidents (as defined in section 2.1.4) for one or more Exceptions and/or Errors in accordance with the provisions of section 2.1.4.
- 2.1.1.5. Subject to section 2.1.1.6, where an Exception or an Error at a Branch affects the reconciliation within the POL FS System, Fujitsu Services may be liable to pay liquidated damages to Post Office in lieu of any financial cost that Post Office may incur to resolve the Exception or Error either internally within the POL FS System or as part of a settlement adjustment with Clients. Details of how and when liquidated damages are applied to Manual Error Reports (MER) are set out in section 2.3.4 of this Reconciliation Service, Service Description.
- 2.1.1.6. Where an Exception or an Error at a Branch does not affect reconciliation within POL FS, no liquidated damages shall be payable by Fujitsu Services.
- 2.1.1.7. There is no formal reconciliation produced between the POL FS System and POL MIS transaction stream. The POL MIS stream should therefore not be used to verify financial integrity and Post Office should ensure the POL FS System Transaction information is used for this purpose.

## 2.1.2 APS Reconciliation

- 2.1.2.1. The APS Report set and the APS reconciliation have been designed to ensure APS Transactions completed in Branches are reconciled with the Transaction stream received by the POL FS System to enable settlement to be made with Clients. Full details of the format and content of this Report set can be found in the CCD entitled: *"End to End Reconciliation Reporting"* (SVM/SDM/SD/0020).
- 2.1.2.2. Reconciliation of APS Transactions will include Transactions of zero value. While these Transactions do not affect financial reconciliation they will be reported in instances where they were not properly transferred to APS Clients or the POL FS System.
- 2.1.2.3. The APS Report set will be produced daily by the Reconciliation Service to reconcile those Transactions sent to both the POL FS System and APS Clients.



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- 2.1.2.4. In addition to any Exceptions discovered by the Reconciliation Service within the APS Report set, Errors may be discovered by Post Office when reconciling data within the POL FS System or responding to queries from APS Clients.
  - 2.1.2.5. The investigation and resolution of APS Exceptions and Errors shall be dealt with through the BIM reconciliation procedure. Such procedure shall be initiated by the creation of Business Incidents (as defined in section 2.1.4) for one or more Exceptions and/or Errors in accordance with the provisions of section 2.1.4.
  - 2.1.2.6. Where an APS Exception or an Error does not affect reconciliation within the POL FS System, no liquidated damages shall be payable by Fujitsu Services.
  - 2.1.2.7. There is no formal reconciliation between POL MIS and APS Clients. Financial integrity shall therefore only be reconciled between the POL FS System and APS Clients.

### 2.1.3 Banking & Related Services Reconciliation

- 2.1.3.1. The Banking & Related Services Report set has been designed to enable Alliance & Leicester, CAPO, LINK, debit and credit card and ETU Transactions completed in the Branches to be reconciled to allow settlement to be made with Clients, e.g. LINK, or direct settlement to specific Clients and/or Banks. Full details of the format and content of such Report set can be found in the CCD entitled: *"End to End Reconciliation Reporting"* (SVM/SDM/SD/0020).
- 2.1.3.2. The Reconciliation Service will produce the Banking & Related Services Report set for each of the Transaction streams referred to in section 2.1.3.1 of this Reconciliation Service, Service Description, in accordance with the rules documented within the CCD entitled: *"End-to-End Reconciliation Reporting"* (SVM/SDM/SD/0020).
- 2.1.3.3. The Banking & Related Services Report set will reconcile all the individual Transaction components constituting a Banking & Related Services Transaction.
- 2.1.3.4. In addition to those Exceptions reported by Fujitsu Services within the Banking & Related Services Report set, Errors may be discovered by Post Office when reconciling data within its own systems or responding to queries from Clients.
- 2.1.3.5. The investigation and resolution of Banking & Related Services Exceptions and Errors shall be dealt with through the BIM reconciliation procedure. Such procedure shall be initiated by the creation of Business Incidents (as defined in section 2.1.4) for one or more Exceptions and/or Errors in accordance with the provisions of section 2.1.4.

2.1.3.6. Where a Banking & Related Services Exception or Error does not affect reconciliation within the POL FS System, no liquidated damages shall be payable by Fujitsu Services.

### Data Reconciliation Service

2.1.3.7. The Banking & Related Services reconciliation system shall enable reconciliation of Transactions arriving at the Data Reconciliation Service Host (DRSH) from the following four sources:

- (a) C1 Confirmation Agent (i.e. the C1 Confirmations received by the Confirmation Agent from the Counter Position);
- (b) Alliance and Leicester and CAPO via the NPS (i.e. generation of the C4/Ds);
- (c) LINK, D&CC and EPAY interfaces (i.e. D Messages and C4 Confirmations); and
- (d) TPS Host (i.e. the C1 Confirmations harvested by the TPS Agent).

2.1.3.8. In the event that a C0 Confirmation is sent to Alliance and Leicester, LINK, CAPO, D&CC or EPAY, the relevant C1 Confirmation will indicate that a C0 Confirmation has been generated.

2.1.3.9. The Reconciliation Service shall monitor the Transactions and report Banking & Related Services Transaction states which are:

- (a) in error, in that their occurrence implies malfunction in end to end Banking & Related Services Transactions; or
- (b) in error in that an expected state has persisted for an unexpected duration (e.g. where C1 Confirmations are received from the C1 Confirmation Agent and C4 Confirmations are received from Alliance and Leicester, LINK CAPO, D&CC and EPAY but the confirmation from the TPS Host has not been received after an abnormal delay),

whilst identifying any such erroneous Banking & Related Services Transaction states which require human analysis for resolution.

2.1.3.10. The DRSH shall not produce Reports which relate Banking & Related Services Transactions included in Branch trading statements to Banking & Related Services Transactions included in the Transaction files sent to the POL FS System and POL MIS.

### Complete Processing

2.1.3.11. The Banking & Related Services reconciliation system shall ensure that all data received by it is processed and checked for completeness of Transactions together with reporting Exceptions for resolution by the Reconciliation Service.

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2.1.3.12. The Banking & Related Services reconciliation system shall not regard a Banking & Related Services Transaction as complete until reported as such in accordance with the CCD entitled “*End to End Reconciliation Reporting*” (SVM/SDM/SD/0020).

## 2.1.4 Reconciliation and Incident Management

### Business Incidents

- 2.1.4.1. A Business Incident is defined as the ‘symptom’ of an underlying cause – e.g. the effect of the system fault on the resulting reconciliation or settlement information sent to Post Office.
- 2.1.4.2. A Business Incident can relate to one or more of the Exceptions reported within the CCD entitled “*End-to-End Reconciliation Reporting*” (SVM/SDM/SD/0020) or one or more of the reconciliation or settlement Errors discovered by Post Office.

### System Incidents

- 2.1.4.3. A System Incident is defined as the underlying ‘cause’ of a Business Incident.
- 2.1.4.4. A System Incident is created to track the root cause of a Business Incident. Depending on the impact, nature and scope of the Business Incident the problem management procedure may be invoked. However, if the nature of the Business Incident is agreed to be a low priority or a ‘one off’, the BIM reconciliation procedure will suffice. The choice of procedure shall be determined by discussion and agreement between Post Office and the Reconciliation Service for specific Business Incidents as they occur.
- 2.1.4.5. Where there are associated System Incidents and Business Incidents, their relationship can be either:
- (a) one to one; or
  - (b) one too many, respectively.

### Incident Originators

- 2.1.4.6. Business Incidents will be raised by:
- (a) the Reconciliation Service for Exceptions reported via the TPS, APS and Banking & Related Services Report sets;
  - (b) Post Office for any other reconciliation or settlement Error discovered by Post Office that has not been reported by the Reconciliation Service; and
  - (c) the Third Line Support Service for any system fault, file or Transaction rejection which cannot be repaired electronically or data base adjustment which is considered by Fujitsu Services to have a reconciliation or settlement implication within Post Office.

2.1.4.7. Subject to agreement by Post Office and Fujitsu Services to the contrary, Branch raised calls to the Post Office Limited Service Desk will not generate Business Incidents.

2.1.4.8. The Service Desk will, however, monitor potential reconciliation issues from Branches if it is considered necessary by Fujitsu Services.

#### **Raising of Business Incidents**

2.1.4.9. In line with the generic Incident management policy agreed between Fujitsu Services and Post Office, Post Office generated Business Incidents will only be recognised as such if raised via the Service Desk. This ensures that the Business Incident is properly logged, enabling the Reconciliation Service to ensure that corrective information can be supplied and any underlying system fault can be rectified.

2.1.4.10. In all cases the Reconciliation Service will raise a BIM Report to log Business Incidents in accordance with the Working Document entitled "*Reconciliation and Incident Management, Joint Working Document*" (SVM/SDM/PRO/0012).

#### **BIM Reports / MER**

2.1.4.11. The BIM system has been designed to report the progress to resolution of a Business Incident to allow Post Office to complete an accurate reconciliation or settlement with its internal systems, Clients and Banks.

2.1.4.12. A BIM Report shall always be accompanied by a MER giving details of the Transaction causing the Exception or the Error. Depending upon the nature of the Exception or the Error, Fujitsu Services may be liable to pay liquidated damages to Post Office in lieu of any financial cost that Post Office may incur to resolve the Business Incident either internally within the POL FS System or as part of a settlement adjustment with its Clients or Banks. Details of how and when liquidated damages are applied to MER are set out in section 2.3.4 of this Reconciliation Service, Service Description.

2.1.4.13. A BIM Report is deemed to be 'cleared' when the Reconciliation Service has provided the information required to enable full reconciliation to take place, including, for example, the provision of Transaction details and actions for Post Office to undertake to correct a Customer's bank account.

#### **Resolution**

2.1.4.14. Where the Reconciliation Service corrects an Exception or an Error, one Business Incident will be raised to cover each Exception or Error, which has been corrected, or a group of related Exceptions or group of related Errors. A BIM / MER Report containing appropriate information will be issued relating to that Exception or group of Exceptions, or Error or group of Errors.

2.1.4.15. Where there is a need to correct Exceptions or Errors, the Reconciliation Service may make corrective assumptions, based upon the format and content of previous



valid records of the same type, if no other detail is available. For example, where a Transaction mode is unknown, the mode used may be obtained from a previous Transaction of the same type. In such cases, the Reconciliation Service will promptly inform Post Office of the assumption within the Working Day that the assumption has been made.

### **Resolving the underlying cause of Business Incidents**

2.1.4.16. If required, Fujitsu Services will complete a system bug fix to resolve the underlying cause of any Business Incident. The Parties shall agree the implementation and timing of this system bug fix in accordance with the problem management process.

### **Amending centrally held data**

2.1.4.17. If the Reconciliation Service identifies that any Transaction data held on the 'central database' located at the Data Centre is found to be inconsistent when compared to the records of the Transaction that was completed at the Branch, e.g. a receipt, a Transaction log or a Branch accounting discrepancy, the Reconciliation Service shall obtain authorisation from Post Office prior to amending the centrally held Transaction data where this is possible.

## **2.1.5 Service Management**

### **2.1.5.1 Continuous Service Improvement**

Post Office and Fujitsu Services will, as part of ITIL service management best practice work together to identify opportunities for elimination of duplicated effort and rationalisation of processes with the aim of delivering improved efficiency and / or cost savings as referred to in section 1.4 of the CCD entitled "*Service Management Service, Service Description*" (SVM/SDM/SD/0007).

### **2.1.5.2 Service Reporting**

The Reconciliation Service will, as required, provide service reporting for distribution to Post Office as required under the Service Management Service described in the CCD entitled: "*Service Management Service, Service Description*" (SVM/SDM/SD/0007).

## **2.2 Service Availability**

The Reconciliation Service will be available to be contacted from 9:00 to 17:30hrs Monday to Friday excluding Bank Holidays. However, the process of reconciliation is provided on an on-going and automated basis.



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## **2.3 Service Levels and Remedies**

### **2.3.1 General Principles**

- 2.3.1.1. SLTs detailed in section 2.3.4 of this Reconciliation Service, Service Description, which do not specify a measurement period are:
- (a) reported monthly via the SRB; and
  - (b) measured over a Service Level Measurement Period equating to a Post Office financial quarter, i.e:
    - January to March;
    - April to June;
    - July to September; or
    - October to December.
- 2.3.1.2. Additionally, all levels of the Reconciliation Service shall be monitored on a weekly and monthly basis and any failure to meet an SLT assessed over that month shall be reported to Post Office by means of the SRB.
- 2.3.1.3. The values applicable to each of the Reconciliation Service SLTs are identified within section 2.3.4.1 of this Reconciliation Service, Service Description.
- 2.3.1.4. The performance of the Reconciliation Service during each OLT measurement period shall be measured against each of the OLT identified in section 2.3.6 of this Reconciliation Service, Service Description. Such OLT shall only apply within the hours of 09.00 to 17.30 Monday to Friday excluding Bank Holidays. Post Office may monitor the performance of the Reconciliation Service OLT on request.

### **2.3.2 Service Level Relief**

The SLT described in section 2.3.4.1 of this Reconciliation Service, the Service Description shall not apply to the extent that a Business Incident cannot be cleared due to:

- (a) insufficient information being received from Post Office in respect of a Post Office raised Error;
- (b) insufficient information being received from Post Office to allow the Reconciliation Service to progress a Business Incident to resolution; or
- (c) Post Office delay in agreeing to close an Exception where the information supplied by the Reconciliation Service is correct and fit for purpose i.e. answers the query raised.

### **2.3.3 Rectification Plan**

See paragraph 7.1 of Schedule C1 of the Agreement.

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## 2.3.4 Service Levels for which Liquidated Damages Apply

2.3.4.1. The purpose of liquidated damages in respect of MERs is that Post Office shall not be disadvantaged by failures of Fujitsu Services to provide electronic transmission of Transaction information to the POL FS System. MER related liquidated damages are payable in accordance with the rules set out in Table 2 below.

2.3.4.2. Fujitsu Services shall measure the time taken to resolve each Banking & Related Services Priority Exception counting time within Working Days only, as follows:

- (a) where no Disputed Banking & Related Services Transaction Notice has been received by Fujitsu Services and a Banking & Related Services Transaction persists in system state category number 4 or 12 as set out in the CCD entitled *"End to End Reconciliation Reporting"* (SVM/SDM/SD/0020), such measurement shall commence at 08:00hrs on the second Working Day following receipt by the DRSH of the corresponding C4 Confirmation or D Message (as applicable);
- (b) where a Disputed Banking & Related Services Transaction Notice is received by Fujitsu Services and a corresponding C4 Confirmation or D Message has been received by the DRSH prior to the day of receipt of that Disputed Banking & Related Services Transaction Notice, such measurement shall commence at the time of receipt of the Disputed Banking & Related Services Transaction Notice (but not if already commenced in accordance with section 2.3.4.2 (a), in which case section 2.3.4.2 (a) shall apply); and
- (c) where a Disputed Banking & Related Services Transaction Notice is received by Fujitsu Services and a corresponding C4 Confirmation or D Message is received by the DRSH on the same day as that Disputed Banking & Related Services Transaction Notice or on a subsequent day, such measurement shall commence at 08:00hrs on the next Working Day following receipt of that C4 Confirmation or D Message (as applicable).

2.3.4.3. In each case in section 2.3.4.2 the Banking & Related Services Priority Exception shall be deemed resolved and measurement shall stop at the time Fujitsu Services sends information to Post Office sufficient to enable Post Office to settle that exception with the relevant Bank.

2.3.4.4. In respect of each Banking & Related Services Priority Exception where Fujitsu Services requires:

- (a) information from, or access to, a Branch; or
- (b) information from the Post Office regarding Banks,

for that exception to be resolved, the following shall not count towards the time for resolution of that exception:

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- (c) the period, if any, during which Fujitsu Services is unable to contact (by telephone or other method agreed by the Parties) the Branch in question or the Post Office regarding Banks in order to request that information or access, provided that Fujitsu Services has used reasonable endeavours to make such contact; and
- (d) the period, if any, whilst Fujitsu Services waits for that information or access to be provided by the Branch in question or the Post Office regarding Banks, having requested it, provided that Fujitsu Services has repeated such request at reasonably frequent intervals.
- 2.3.4.5. The discounting of the periods described in sections 2.3.4.4 (c) and 2.3.4.4 (d) shall be subject to Fujitsu Services providing reports to Post Office setting out the reasons for discounting any such periods from the resolution time for a Banking & Related Services Priority Exception and the duration of such periods.
- 2.3.4.6. In respect of each Disputed Banking & Related Services Transaction Notice, Fujitsu Services shall continue to check on each Working Day following that notice whether a corresponding C4 Confirmation or D Message has been received until either a Customer Critical Exception arises and is resolved or Fujitsu Services and Post Office agree alternative action.
- 2.3.4.7. For the purposes of section 2.3.4 of this Reconciliation Service, Service Description:
- (a) “day” means a period running for 24 hours from 00:00hrs; and
- (b) a C4 Confirmation or D Message received on a day by the DRSB after 21:30hrs on that day shall be deemed to have been received the next day.
- 2.3.4.8. The Service Level Target in respect of Banking & Related Services, Priority Exceptions set out in Table 1 of this Reconciliation Service, Service Description shall apply in respect of:
- (a) all Customer Critical Exceptions; and
- (b) the first 500 Banking Priority Exceptions (other than Customer Critical Exceptions) occurring on each day (excluding those described in section 2.3.4.8 (c),
- but shall not apply in respect of:
- (c) Banking & Related Services Priority Exceptions (other than Customer Critical Exceptions) arising from a common cause, in each case where the number of Banking & Related Services Priority Exceptions arising from such common cause is greater than 100.

Table 1

Exception or Error Type	SLT	Liquidated Damages Payable?
Reconciliation Exception or Error resolved via the BIM process within 5 Working Days	>=95%	Yes – only if manual correction required to resolve reconciliation discrepancy within the POL FS System – within rules set in Table 2
Banking & Related Services priority Exceptions or Error resolved in <=8hrs	>=95%	Yes – only if manual correction required to resolve reconciliation discrepancy within the POL FS System – within rules set in Table 2

Table 2

Justification for Liquidated Damages	Liquidated Damages
A Transaction which can not be delivered to the POL FS System by electronic means and has been discovered by the Reconciliation Service before it was due to be sent to POL FS– i.e. it has not been rejected by the POL FS System	£100 per Transaction
A Transaction which can not be subsequently re-delivered to the POL FS System by electronic means following rejection by the POL FS System	£150 per Transaction

## 2.3.4.9. MER Liquidated Damages Exclusions

- (a) Fujitsu Services shall only be liable for MER liquidated damages where a Transaction or number of Transactions have been corrupted in some way when delivered through a fault in the HNG-X System or the related Fujitsu Services processes.
- (b) In cases where Transactions are lost due to events of Force Majeure, or error by Branch office staff, Fujitsu Services will not be liable for MER liquidated damages.

## 2.3.4.10. MER Liquidated Damages Settlement

- (a) On a monthly basis, the chargeable MER spreadsheet shall be populated by the Reconciliation Service with details of Exceptions or Errors, any applicable liquidated damages and appropriate supporting information. The Reconciliation Service's liquidated damages calculation shall be forwarded to Post Office for agreement.

## 2.3.4.11. Debit Card Exceptions or Errors

- (a) In the event that a Debit Card Exception or Error arises solely as a result of the acts or omissions of Fujitsu Services, Fujitsu Services shall send to Post Office a BIM Report.

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- (b) Fujitsu Services shall include in the BIM Report submitted pursuant to section 2.3.4.11 (a) the merchant ID, the card number, transaction amount, transaction code and transaction date for the Debit Card Exception or Error in question. In addition, save in respect of each Debit Card Exception or Error Reimbursement (in which case the provisions of section 2.3.4.11 (e) shall apply), Fujitsu Services shall use reasonable endeavours to obtain from the relevant Branch the following data (the "Relevant Data") (for inclusion in the relevant BIM Report) from the Receipt for the Debit Card Exception or Error in question:
- issue number (to the extent that the issue number is required by the card scheme issuer for manual settlement; and
  - the expiry date.
- (c) Fujitsu Services' obligation to obtain the Relevant Data as specified in section 2.3.4.11 (b) shall cease in the event that:
- Fujitsu Services has been notified by the NBSC of the closure of the Branch; or
  - upon contacting the Branch, the information cannot be obtained (including, without limitation, where the receipt either does not exist, is damaged or the information is illegible).
- (d) The detailed process for attempting to contact the Branch and attempting to obtain the Relevant Data shall be documented in the Working Document entitled "*Reconciliation and Incident Management, Joint Working Document*" (SVM/SDM/PRO/0012).
- (e) In respect of each Debit Card Exception or Error (other than a Debit Card Exception or Error Reimbursement), in the event that:
- Fujitsu Services fails to provide the Relevant Data;
  - the circumstances specified in 2.3.4.11 (c) have not arisen; and
  - Post Office itself obtains the Relevant Data directly from the Branch,
- Fujitsu Services shall pay Post Office the sum of £353.47 (representing Post Office's costs of obtaining the Relevant Data and effecting manual settlement).
- (f) In respect of each Debit Card Exception or Error Reimbursement, Fujitsu Services shall pay to Post Office an amount equal to the sum of the Debit Card Transaction Value and £125.06.
- (g) Save where section 2.3.4.11 (e) applies (in which event the provisions of this section 2.3.4.11 (g) shall not apply), for each Debit Card Exception or Error (other than a Debit Card Exception or Error Reimbursement) Fujitsu Services shall (provided manual settlement has been effected) pay to Post Office the lesser of:

- (i) £125.06; and



- (ii) the sum specified within row 1 of Table 2 in section 2.3.4.8 above, in respect of Post Office's costs of effecting manual settlement.
- (h) Save in respect of a Debit Card Exception or Error Reimbursement, in the event that:
- due solely to the acts or omissions of Fujitsu Services the BIM Report referred to in section 2.3.4.11 (a) is not delivered to Post Office within the time limit of the SLT referred to in row 1 of Table 1 in section 2.3.4.8 above (for the purposes of avoiding "charge backs") or the BIM Report is delivered within that time period but it does not include the Relevant Data in circumstances where Fujitsu Services is in Default of its obligation in section 2.3.4.11 (b) to obtain such Relevant Data or a payment is required to be made to Post Office pursuant to section 2.3.4.11 (e); and
  - the merchant acquirer does not reimburse Post Office the Debit Card Transaction Value,

Fujitsu Services will reimburse Post Office the Debit Card Transaction Value.

- (i) In the event that Fujitsu Services fails to deliver the BIM Report on time pursuant to section 2.3.4.11 (b) above or the BIM Report is delivered on time but it does not include the Relevant Data in circumstances where Fujitsu Services is in Default of its obligation in section 2.3.4.11 (b) above to obtain such Relevant Data or a payment is required to be made to Post Office pursuant to section 2.3.4.11 (e) above, Fujitsu Services shall pay to Post Office liquidated damages. The liquidated damages shall be calculated in accordance with the following formula:
- liquidated damages (£) =  $(N \times TV \times Y) / 365$

where:

- N = the number of Reconciliation Days, including the day the BIM Report was due for delivery pursuant to section 2.3.4.11(a) above, that the BIM Report is delivered late;
  - TV = the Debit Card Transaction Value; and
  - Y = the figure (expressed as a percentage) representing the base rate of Barclays Bank Plc prevailing on the day the BIM Report was due for delivery plus 3 per cent.
- (j) Post Office shall not be entitled to liquidated damages or any other right or remedy provided for under this Agreement in respect of any failure by Fujitsu Services to achieve its obligations specified in this section 2.3.4.11 (i) until expiry of the Measurement Period Expiry Date, and Fujitsu Services' performance in respect of those obligations before the Measurement Period Expiry Date shall be disregarded for the purposes of assessment of liquidated

damages and any other rights or remedies provided for under this the Agreement which may be due to Post Office after that date.

- (k) The Parties acknowledge that the fundamental commercial assumptions underlying the provisions of this section 2.3.4.11 are that (i) the total number of Debit Card Exceptions or Errors in any calendar month shall not exceed 100 and (ii) the total number of Debit Card Exception or Error Reimbursements in any calendar month shall not exceed 20. Accordingly, the Parties agree that should these assumptions prove to be incorrect they shall review and negotiate appropriate amendments to the provisions of this section 2.3.4.11.

#### 2.3.4.12. Debit Card Payment File Delivery

- (a) Fujitsu Services' obligations regarding transmission of Payment Files (as that term is defined in the CCD entitled "*Debit Card MoP Functional Description*" (EF/SER/001)) to the merchant acquirer (MA) shall be as specified in the CCD entitled "*Debit Card MoP Functional Description*" (EF/SER/001). In the event that an attempt to transmit a Payment File to the MA in accordance with that CCD fails then those provisions shall be supplemented by section 2.3.4.12 (b).
- (b) Where Fujitsu Services attempts to transmit a Payment File to the MA and the attempt is unsuccessful Fujitsu Services shall be required to make one further attempt to transmit that file to the MA on that day. If such further attempt fails, Fujitsu Services shall report the same to the Post Office. Thereafter, Fujitsu Services shall provide such assistance and co-operation as set out in the Working Document entitled: "*Reconciliation and Incident Management, Joint Working Document*" (SVM/SDM/PRO/0012), for the purposes of procuring the transmission of that Payment File to the MA as soon as reasonably practicable.
- (c) In the event that the process specified in section 2.3.4.12 (b) has been followed by Fujitsu Services, no payment of liquidated damages (as specified in section 2.3.4.12 (d)) will be payable by Fujitsu Services due to the relevant Payment File not reaching the MA.
- (d) Subject to section 2.3.4.12 (c), in the event that a Payment File is not received by the MA by the time specified for such in the CCD entitled: "*Horizon Streamline Application Interface Specification*" (EF/IFS/002) on the day after creation of the Payment File, liquidated damages will be payable by Fujitsu Services to Post Office, by Fujitsu Services issuing Post Office with a credit note, as soon as reasonably practicable following the day on which the MA receives the Payment File. Such liquidated damages (to be applied by way of credit) will be calculated in accordance with the following formula:
- liquidated damages per Payment File not received as stated above (£) =  $\{(X \times Y)/365\} \times Z$
- where:
- X = the value (pounds sterling) of the relevant Payment File;

- Y = the figure (expressed as a percentage) representing the base rate of Barclays Bank Plc prevailing on the day the Payment File is required to be delivered (as specified in the CCD entitled "*Horizon Streamline Application Interface Specification* " (ER/IFS/002)) plus 3 per cent; and
- Z = the number of days from and including the date after creation of the Payment File until and including the day on which the MA receives the Payment File.

### 2.3.5 Service Levels for which Liquidated Damages Do Not Apply

There are no SLTs for which liquidated damages do not apply.

### 2.3.6 Operational Level Targets

Table 4

Description	OLT
MER delivered to Post Office Operations Control on a monthly basis	By close of business 10 <sup>th</sup> Working Day of the following month.
Reconciliation Exception or Error "initial" BIM Report available to Post Office	By close of business on the same Working Day as the Exception or Error has been reported by the Reconciliation Service or Post Office.

### 2.3.7 Performance Metrics

There are no performance metrics associated with the Reconciliation Service.

### 2.3.8 Design Targets

There are no design targets associated with the Reconciliation Service.

## 2.4 Service Limits and Volumetrics

There are no service limits or volumetrics applicable to the Reconciliation Service.

## 2.5 Assets and Licences

### 2.5.1 Assets

There are no assets associated with the Reconciliation Service.

### 2.5.2 Licences

There are no Licences applicable to the Reconciliation Service.

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## **2.6 Charges**

### **2.6.1 Operational Fixed Charge**

See Schedule D1 of the Agreement.

### **2.6.2 Operational Variable Charge**

There are no Operational Variable Charges applicable to the Reconciliation Service.

### **2.6.3 Additional Operational Variable Charge**

There are no additional Operational Variable Charges applicable to the Reconciliation Service.

## **2.7 Dependencies and Interfaces with Other Operational Services**

2.7.1 The Reconciliation Service is dependent on and interfaces with other Operational Services. Any changes agreed between Post Office and Fujitsu Services to the scope or availability of the Reconciliation Service and/or any of the other Operational Services will be agreed in accordance with the Change Control Procedure. This section describes the interfaces with other Operational Services as at the Amendment Date, as follows:

### **2.7.1.1 The Third Line Support Service**

The Third Line Support Service supports the Reconciliation Service through the provision of corrective data to enable the resolution of reconciliation Incidents. If the scope of the Third Line Support Service is changed, the Application Support Service (Fourth Line) may have to take over this role.

### **2.7.1.2 The Service Desk**

If the scope of the Service Desk Service is changed, an alternative Service Provider would take over the Service Desk Service's role in supporting the Reconciliation Service.

### **2.7.1.3 The Management Information Service**

The Management Information Service may request data to support MIS Reports delivered internally within Fujitsu Services or to Post Office. If the scope of the Reconciliation Service is changed, the Service Management Service may have to take over this role.

#### 2.7.1.4 The Security Management Service

The Reconciliation Service will support the Security Management Service in ensuring the appropriate levels of security are met in respect of systems access via the DRSH. If the scope of the Reconciliation Service changed, the Third Line Support Service or the Systems Management Service might have to take over this role.

#### 2.7.1.5 The Service Management Service

If the scope of the Reconciliation Service is changed, the Service Management Service may have to take over the role of managing the relationship between Post Office and the Third Line Support Service who would assume the role of preparing BIM Reports and resolving reconciliation Incidents.

## 2.8 Post Office Dependencies and Responsibilities

- 2.8.1 In addition to the generic Post Office responsibilities set out in Schedule A5 of the Agreement, Post Office must not unreasonably delay the agreement to closure of a Business Incident where Fujitsu Services has supplied information that is considered by Fujitsu Services to be reasonably complete and adequate to allow reconciliation to take place between Post Office and its APS Clients and Banks or within the internal POL FS System.
- 2.8.2 Post Office will ensure that all ETU Transactions carried out at Counter Positions are correctly processed by EPAY according to the CCD entitled: "*Application Interface Specification: Horizon to EPAY*" (ET/IFS/001), and that daily reconciliation files are produced and processed in accordance with that document.

## 2.9 Business Continuity

This section defines the measures taken to minimise the risk of not being able to provide the Reconciliation Service and sets out what Fujitsu Services is required to provide in terms of business continuity specific to the provision of this Reconciliation Service. Details of the Reconciliation Service Business Continuity Plan is defined in the Working Document entitled: "*HNG-X Support Service Business Continuity Plan – Joint Working Document*" (SVM/SDM/PLA/0001).

### 2.9.1 DRSH Client Terminals

In the event that DRSH Client terminals are unavailable in the primary Reconciliation Service site, the Reconciliation Service will re-locate to another Fujitsu Services site where such DRSH Client terminals are available.

### 2.9.2 Failover Timescale

Fujitsu Services shall ensure access to DRSH Client terminals at the DR Site are available to the Reconciliation Service within two (2) hours of the initial failure.



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### 2.9.3 Testing

Fujitsu Services will carry out minimum of one (1) walkthrough and one (1) operational test per calendar year is provided covering the DRSH Client availability, subject to agreeing the actual dates for such tests with Post Office, such agreement not to be unreasonably withheld. Such tests shall be carried out in accordance with the Working Document entitled: *"HNG-X Operational Test Plan – Joint Working Document"* (SVM/SDM/TP/0001).

## 2.10 Documentation Set Supporting the Service

The document set listed in section 0.3 of this Reconciliation Service, Service Description supports the delivery of the Reconciliation Service. Should any elements of the Reconciliation Service be changed following agreement with Post Office, Fujitsu Services will ensure these documents are also reviewed and amended where necessary in accordance with the changes agreed.

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## 3.0 HNG-X Application Roll Out – Transitional Period

### 3.1 Service Definition

See section 2.1 of this Reconciliation Service, Service Description.

### 3.2 Service Availability

See section 2.2 of this Reconciliation Service, Service Description.

### 3.3 Service Levels and Remedies

3.3.1 See section 2.3 of this Reconciliation Service, Service Description and section 3.3.2 below.

3.3.2 For the periods in which the Banking Functions and/or any of the Horizon Applications (other than Banking Functions) or Infrastructure Services are suspended in accordance with section 4.2.1.2 of the CCD entitled “*Service Management Service: Service Description*” (SVM/SDM/SD/0007), measurements of Fujitsu Services' performance in respect of all Service Levels detrimentally affected by such suspension (in respect of those Horizon Applications and Services) shall be disregarded and Fujitsu Services shall be released from those of its obligations in respect of those Horizon Applications and Services which it is unable to perform as a result of such suspension.

### 3.4 Service Limits and Volumetrics

See section 2.4 of this Reconciliation Service, Service Description.

### 3.5 Assets and Licences

See section 2.5 of this Reconciliation Service, Service Description.

### 3.6 Charges

See section 2.6 of this Reconciliation Service, Service Description.

### 3.7 Dependencies and Interfaces with Other Operational Services

See section 2.7 of this Reconciliation Service, Service Description.

### 3.8 Post Office Dependencies and Responsibilities

See section 2.8 of this Reconciliation Service, Service Description.



**Reconciliation Service: Service Description**  
**Commercial in Confidence**

**Ref:** SVM/SDM/SD/0015  
**Version:** 2.0  
**Date:** 14/07/2009

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### **3.9 Business Continuity**

See section 2.9 of this Reconciliation Service, Service Description.

### **3.10 Documentation Set Supporting the Service**

See section 2.10 of this Reconciliation Service, Service Description.