

SCHEDULE 32

Revenue Collection and Payment

1. **Scope**

- 1.1 This schedule sets out how the Revenue shall be received and placed in accounts belonging to TfL in accordance with the Statement of Requirements (the “**Collection Accounts**”). For the purposes of clarity, payments of Invoices have been excluded from this schedule and are described in schedule 7 (Charging).
- 1.2 This schedule sets out:
- (A) the nature of Revenue receipts;
 - (B) the bank accounts to be used;
 - (C) the rights of the Service Provider and TfL in respect of the Collection Accounts; and
 - (D) the controls and reconciliations that the Service Provider shall perform to ensure the receipt by TfL of all Revenue due.
- 1.3 TfL requires all monies to be placed in TfL’s bank accounts directly by a mechanism that is efficient and secure in accordance with Good Industry Practice.

2. **Nature of Revenue Receipts**

- 2.1 The nature of Revenue receipts will vary depending on the medium through which the payment has been made and the event that generated the Revenue.
- 2.2 Revenue shall be collected through any of the following media:
- (A) cash (pounds Sterling only unless notice has been given to the Service Provider in accordance with paragraph 6 below);
 - (B) credit card;
 - (C) debit card;
 - (D) cheque/bankers' draft; and
 - (E) postal orders.
- 2.3 Revenue shall be generated by, but not limited to, the following events:
- (A) Congestion Charge Payments;
 - (B) LEZ Charge Payments;
 - (C) other Charge Payments (where applicable)
 - (D) payment of fees in relation to Discount registrations, renewals and affirmations;

- (E) payment of Amendment Charges;
- (F) payment of charges associated with Information Requests;
- (G) payment of Penalty Charge Notices – all payments relating to Penalty Charge Notices will be made against the relevant Penalty Charge Notice numbers;
- (H) payment of Charge Certificates;
- (I) payment of Orders for Recovery;
- (J) sums paid by the OSE Service Provider in accordance with the agreement(s) entered into between such OSE Service Provider and TfL, including without limitation clamping fees, removal fees, storage fees and auction fees;
- (K) sums paid by debt collectors; and
- (L) sums paid by the Bailiffs.

3. **Collection Accounts**

- 3.1 The Service Provider shall ensure that all Revenue due, whether from Customers, the OSE Service Provider, Bailiffs or otherwise is directed to be paid into one or more of the Collection Accounts (as directed by TfL from time to time) on a daily basis and where practicable on the same Working Day as such sums are received. In circumstances where this is not possible due to the lack of availability of bank processing for the payment mechanism in question, the Service Provider shall require Revenue to be banked on the immediately following Working Day.
- 3.2 The Service Provider shall not direct payment of any Revenue into any bank account which is not a Collection Account without the prior written approval of TfL. The Service Provider shall not, without the prior written approval of TfL, accept any Revenue into any Service Provider account.
- 3.3 The Service Provider will create a record in the accounts of the receipt of each payment on the same Working Day as the actual receipt. This is regardless of which day the payment is made into the Collection Account.
- 3.4 TfL may establish as many Collection Accounts as it requires and shall provide the Service Provider at least twenty-one (21) Working Days' prior written notice of the details of any new Collection Accounts before the Service Provider may be required to use such new accounts.
- 3.5 TfL may from time to time instruct the Service Provider as to the type of receipt of Revenue to pay into each Collection Account by giving no less than fifteen (15) Working Days' prior written notice.
- 3.6 All rights attached to Collection Accounts shall be reserved to TfL.
- 3.7 No refunds will be made by the Service Provider from any of the Collection Accounts.
- 3.8 TfL shall establish an imprest account (the "**Refund Account**") into which TfL shall pay such sums as it deems appropriate from time to time.

- 3.9 The Service Provider shall only make refunds:
- (A) in accordance with the Statement of Requirements; and
 - (B) from the Refund Account .
- 3.10 No Enforcement Operations refunds shall be made except in the case of reimbursement for incorrect payment resulting from an error of the Service Provider, TfL or Merchant Acquirer.
- 3.11 The Service Provider shall provide to TfL a record of all monies collected, or due to be collected or otherwise owing to TfL including any Revenue, promissory notes, waivers or partial payments. The Service Provider shall not exercise any right of set-off, counter-claim, withholding or deduction in respect of such monies for this or any other commercial arrangement with TfL. No promissory notes or waiver shall be permitted without the express written consent of TfL.
- 3.12 The Service Provider shall be responsible for all monies in transit or to be transferred to TfL in the event of fraud, theft or loss caused by: (i) the Service Provider or a member of the Service Provider's Personnel; or (ii) any other person (to the extent that such fraud, theft or loss could reasonably have been avoided if it were not for the default, negligence or recklessness or other failure by the Service Provider or a member of the Service Provider's Personnel to follow appropriate procedures in respect of the collection, storage and/or transfer of monies). The Service Provider shall promptly make good any such monies lost or stolen as soon as the relevant fraud, theft or loss (as appropriate) arises and shall take all appropriate steps to recover such sums, in cooperation with TfL (the cost of TfL's cooperation being borne by the Service Provider). If and to the extent that such sums are recovered, they shall be payable to the Service Provider.
- 3.13 The Service Provider may accept cheques only in accordance with the relevant processes and procedures required to be put in place under the terms of this Agreement. Cheques or bankers' drafts should be made payable to "Transport for London".
- 3.14 If the Service Provider wishes to use a merchant acquirer other than the Merchant Acquirer, the Service Provider shall provide the proposed terms and conditions, including pricing, that it proposes entering into with such merchant acquirer. The Service Provider shall not use a merchant acquirer other than the Merchant Acquirer under or in relation to this Agreement or the Services without TfL's prior express written consent.
- 3.15 The Service Provider shall not accept a credit card or debit card payment unless and until the same shall have been authorised by the relevant merchant acquirer service used by the Service Provider.
- 3.16 The Service Provider shall offer receipts for all Business Operations payments in accordance with the Statement of Requirements.
- 3.17 For all Enforcement Operations payments, a receipt shall be issued by the Service Provider to the person making payment on the same Working Day detailing the Penalty Charge Notice number(s) and a breakdown of the outstanding Penalty Charge Notice amounts, in accordance with the Statement of Requirements.

4. **Control and Reconciliation**

4.1 **Details of Remittances**

- (A) The Service Provider shall update its records on the Service Systems each day before midnight for each Collection Account, with details of all Remittances (for that day) together with details of the payment type, the type of charge or Discount Registration, the Penalty Charge Notice number(s), age of PCN, stage at which payment was made, actual payment made, relevant vehicle registration mark and promissory note details (if relevant) to which they relate for all types of Revenue and the other information set out in Annex A to this schedule. The Service Provider shall provide a summary of this information containing such detail as TfL reasonably requires before 9 a.m. on the next Working Day.
- (B) Within three (3) Working Days of the end of each four (4) weekly period commencing on the Operational Commencement Date (each a “**Reconciliation Period**”), the Service Provider shall provide, broken down into Business Operations Revenue type, Enforcement Operations Revenue type, promissory notes, waiver, Vehicle Registration Mark and Penalty Charge Notice numbers to which they relate, a reconciliation for each Collection Account during that Reconciliation Period setting out:
- (1) all amounts due to TfL at the start of that Reconciliation Period;
 - (2) all Revenue (both amounts received and amounts due) during the Reconciliation Period;
 - (3) all Remittances made to TfL during that Reconciliation Period;
 - (4) all amounts due to TfL at the end of the Reconciliation Period;
 - (5) all outstanding payments (being either promissory notes or waivers) at the end of that Reconciliation Period in sufficient detail to enable TfL’s auditors to fulfil their statutory duties in relation thereto, and to enable TfL to make an informed judgement as to whether to write the debt off;
 - (6) all reimbursed and refunded amounts and reversed payments and the reasons in each case therefore;
 - (7) all amounts held in suspense accounts, how long each such sum has been held there and the reasons why such sums are or remain in such accounts;
 - (8) all waived amounts and the reasons therefore;
 - (9) all PCNs served in the Reconciliation Period;
 - (10) all cash received on a daily basis through the Reconciliation Period, broken down in accordance with paragraph 4.1(A) above; and
 - (11) the amounts of overpayments received in the Reconciliation Period.

- (C) Within three (3) Working Days of the end of each Reconciliation Period, the Service Provider shall also provide an aged debt analysis which shall include but not be limited to all outstanding promissory notes, related Vehicle Registration Marks and the Penalty Charge Notice numbers to which they relate.
 - (D) Partial payments and promissory notes, as identified in the reconciliation at the end of each Reconciliation Period, shall be supported by a statement setting out for each of the corresponding receipts:
 - (1) the date of transaction;
 - (2) the amount;
 - (3) the name and appropriate details of the person; and
 - (4) the Penalty Charge Notice numbers and Vehicle Registration Mark to which they relate.
 - (E) The Service Provider shall identify all amounts held in the suspense accounts within four (4) weeks of the amount being credited to the account.
 - (F) Amounts held in the suspense account, as identified in the reconciliation at the end of each Reconciliation Period, shall be supported by a statement setting out for each of the corresponding receipts:
 - (1) the date of transaction;
 - (2) the amount;
 - (3) any available retails relating to the receipt; and
 - (4) the actions taken to reconcile with the relevant outstanding amount.
- 4.2 The Service Provider shall maintain, in relation to each transaction, accounting records for and on behalf of TfL to a standard equivalent to the requirements of sections 221 and 222 of the Companies Act 1985 (as amended).
- 4.3 The Service Provider shall provide to TfL, before noon on the day following the day of receipt, a reconciliation of the cash transferred to TfL to the daily receipts of Revenue contained within each Collection Account balance, by type, and ensure that the total cash received agrees with the daily Revenue paid in to the Collection Accounts.
- 4.4 The Service Provider shall make available in printable and electronically transferable form copies of all reconciliations as detailed in paragraphs 4.1 and 4.2. The electronically transferable copy shall be in SAP format and shall comply with TfL's requirements in all respects.
- 4.5 The Service Provider, in respect of any Remittance in respect of which it has failed to provide all information as required by this paragraph 4, shall provide such missing information to TfL within five (5) Working Days of receipt of the relevant sum.
- 4.6 Within ten (10) Working Days of the end of the Service Provider's Financial Year the

Service Provider shall provide to TfL a financial report providing cumulative details for the year of the information required under paragraphs 4.1 and 4.3.

- 4.7 Overpayments shall be dealt with as TfL may direct from time to time.
- 4.8 The Service Provider shall ensure that there is consistency between all reports provided to TfL, including but not limited to reconciling all period reports to the four (4) weekly journal and resolving any variations prior to sending the reports to TfL.

5. **Merchant Acquirer(s) and Declined Payments**

- 5.1 The Service Provider shall be responsible for operating one or more merchant acquirer services for the purposes of Customers making payments into the Collection Accounts. Where the Service Provider does not already have an agreement with a merchant acquirer for all payment cards required by TfL from time to time, it may operate under TfL Merchant Acquirer Agreements (as amended from time to time) as notified to the Service Provider by TfL. The Service Provider shall notify TfL in writing of its wish to use any one or more of TfL Merchant Acquirer Agreements.
- 5.2 If the Service Provider has served notice in accordance with paragraph 5.1, the Service Provider shall comply with the terms of the relevant TfL Merchant Acquirer Agreements (as amended from time to time), including but not limited to obtaining and maintaining accreditation with the relevant Merchant Acquirers.
- 5.3 The Service Provider shall replace the provider of Merchant Acquirer Services on written request of TfL up to two times during the Term at no additional cost to TfL. Such replacement shall be documented in accordance with the Change Control Request Procedure. Should TfL require the replacement of the Merchant Acquirer on more than two occasions then the unavoidable and properly incurred costs of the Service Provider shall be charged to TfL in accordance with the schedule of rates set out in Annex G to schedule 9 (Change Control Request Procedure).
- 5.4 The Service Provider shall provide all documentation required by TfL in a timely manner in order for TfL to sign-off any required mandates, account set-ups and proposed contract exchanges with the Merchant Acquirer.
- 5.5 The Service Provider shall bear the risk and indemnify TfL in respect of any and all expense, cost, liability, loss or damage arising in relation to Declined Payments (where the Service Provider has proceeded as if the relevant payment had been properly made) and chargebacks which are caused by either: (i) the Service Provider or a member of the Service Provider's Personnel; or (ii) any other person, to the extent that such Declined Payment or chargeback could reasonably have been avoided if it were not for the default, negligence or recklessness or other failure by the Service Provider or a member of the Service Provider's Personnel to follow appropriate procedures in respect of the collection, authorisation and/or transfer of payments.
- 5.6 The Service Provider shall be responsible for and shall pay all costs in the development and design of such equipment and software as is necessary to enable the Service Provider to meet the specifications set out in the Statement of Requirements with respect to the Merchant Acquirer Service.
- 5.7 The Service Provider shall ensure that all necessary equipment and software is

updated, at the Service Provider's expense, in order to comply with Good Industry Practice.

- 5.8 The Service Provider shall follow the procedures relating to dealings with the Merchant Acquirer set out in the TfL Merchant Acquirer Agreement and in this Agreement.
- 5.9 The Service Provider shall seek successful payment authorisation in respect of Customer payments and shall carry out security checks, including but not limited to address verification, 3D secure check and CVV2/CVC2 Code checks or equivalent, for all credit/debit transactions prior to accepting payment. In the event of failure of a single authorisation or security check the Service Provider shall not accept payment.
- 5.10 In the event of failure of authorisation and/or security checks, the Service Provider shall only allow one more attempt per day of another debit or credit card authorisation and related security checks per Customer.
- 5.11 In relation to the operation of TfL Merchant Acquirer Agreements, the Service Provider shall act as a named agent of TfL. The Service Provider shall have no rights or authority to alter TfL Merchant Acquirer Agreements.
- 5.12 In the event that the interface or service provided by any merchant acquirer service used by the Service Provider is unavailable for any period, the Service Provider will follow the relevant merchant acquirer's authorised manual procedure to obtain direct authorisation by telephone. The Service Provider will also follow all necessary security procedures in relation to a manual process to maintain security in accordance with the Security Plan.
- 5.13 The Service Provider will be responsible for ensuring that the installation and testing of equipment and software required to provide the Merchant Acquirer Service is completed in timeframes in order to meet the Operational Commencement Date, relevant Milestones for future Releases and Change Requests.
- 5.14 Partial payments and promissory notes, as identified in the reconciliation at the end of each Month, shall be supported by a statement setting out for each of the corresponding receipts:
- (A) the date of transaction;
 - (B) the amount;
 - (C) the name and appropriate details of the Customer; and
 - (D) the Penalty Charge Notice numbers and the Vehicle Registration Marks to which they relate.

6. **Currency**

- 6.1 All Revenue shall be paid to TfL in pounds Sterling unless:
- (A) TfL specifies that Revenue shall also be in, or replaced by, Euros and has given the Service Provider at least four (4) weeks' notice of this; or
 - (B) the Service Provider is required by Law to pay the Revenue in Euros.

7. **Financial Reporting**

- 7.1 Where TfL requires the Service Provider to provide reports to TfL in relation to this schedule, such reports shall, without limitation to any other details required to be included by TfL in accordance with this Agreement, be provided in accordance with the provisions of Annex A to this schedule.

ANNEX A

Financial Reporting

The Service Provider shall comply with the following provisions in relation to reports relating to, or to be provided in accordance with, this schedule 32 (Revenue Collection and Payment):

1. Financial management information may be required by TfL in both hard copy and electronic format. Where required by TfL, the electronic format shall be provided to TfL in SAP file format.
2. For all reports, TfL must receive from the Service Provider:
 - 2.1 Daily reports by noon the following day.
 - 2.2 Weekly reports by 3pm on the first Working Day after the end of the week.
 - 2.3 Reconciliation Period reports one (1) Working Day after the period end.
 - 2.4 The process for agreeing the format for the reports below will be for the Service Provider to supply TfL with a prototype of each report for sign off by TfL prior to each report being developed.
3. Additional contents of reports

Category	Report	Detail	Frequency	Output
Financial Reporting	<p>Receipts Banked Daily, weekly and Reconciliation Period reports analysing all receipts banked by type. “Other” receipts must be described and, if required, itemised.</p>	<ul style="list-style-type: none"> a. Reporting period. b. Full Detail of Receipt type by Scheme (e.g. Daily Congestion Charge, LEZ Penalty Charge Notices, etc). c. Collection Accounts. d. Payment type e. Channel 	<p>Daily Weekly Period Year End</p>	Value
	<p>Bank Reconciliation Reconciling the bank balance to the general ledger balance. Report required daily.</p>	<ul style="list-style-type: none"> f. Balance per bank statements. g. Outstanding receipts for the period. h. Outstanding receipts for prior periods. i. Other reconciling items. An additional worksheet providing details, description and date banked required. j. Balance per accounting records (general ledger). k. An electronic copy of the daily Bank Statement for each account. 	Daily	Value

Category	Report	Detail	Frequency	Output
	<p>Income & Expenditure Account Reconciliation Period analysis (available weekly on demand) of income and expenditure recorded (per the income & expenditure account). Also required annually at year-end.</p>	<ul style="list-style-type: none"> l. Reporting period. m. Income type by Scheme (e.g. Daily Congestion Charge, LEZ Penalty Charge Notices etc.). n. Bad debt charges, by write-offs and provision movements. o. Net income p. Balance Sheet 	Daily Year End Weekly (On demand)	Value
	<p>Reconciliation of Receipts to Income & Expenditure Account Reconciliation Period report reconciling Receipts (per the Receipts Banked report) to Net Income in the Income & Expenditure account.</p>	<ul style="list-style-type: none"> q. Reporting period. r. Total receipts (from receipts banked) s. Net income (from income & expenditure account). t. Reconciling items (e.g. unpaid debts, bad debt provision) 	Daily Year End Weekly (On demand)	Value
	<p>Bad Debt Report Reconciliation Period report of bad debts</p>	<ul style="list-style-type: none"> u. Reporting period. v. Report by Customer name. w. Bad debt provision movements. x. Individual debt write-offs 	Daily Year End Weekly (On demand)	Debtor Value

Category	Report	Detail	Frequency	Output
	<p>Aged Debtors Reconciliation Period listing of individual aged debtors Summary page with detail behind</p>	<p>y. Reporting period. z. Debtors by type for which promissory notes have not been issued. aa. Debtors by type for which promissory notes have been issued. bb. Total debtors by type. cc. Age of debt dd. Debtor control reconciliation</p>	<p>Period Year End</p>	<p>Value</p>
	<p>Trial Balance Reconciliation Period trial balance to be provided to the Combined Services Provider and TfL. Also required annually at year end.</p>	<p>ee. Reporting period. ff. Balance of each general ledger account.</p>	<p>Period Year End</p>	
	<p>Bank Adjustments</p>	<p>gg. Amounts transferred to consolidated account</p>	<p>Daily</p>	
	<p>Deferred Income</p>	<p>hh. Customer type and details ii. Age</p>		

4. The above reports will be compiled in accordance with UK GAAP accounting standards and accounting policies.

5. The Service Provider will comply with all changes in accounting standards which are applicable to the Schemes. Examples of a change in accounting standards include but are not limited to:
 - 5.1 changes in legislation resulting from acts of Parliament or statutory instrument;
 - 5.2 changes in financial reporting standards;
 - 5.3 changes in Chartered Institute of Public Finance and Accountancy (CIPFA) guidelines;
 - 5.4 changes in reporting requirements set out by the Department of Communities and Local Government, the GLA or any successor bodies; and
 - 5.5 changes in any other code of practice that is recognised by the Accounting Standards Board as a statement of recommended practice.
6. Compliance will be in accordance with timescales laid down in the relevant Accounting Standard.
7. Changes in Accounting Policies

The Services Provider will respond to requests for changes in accounting policies from TfL in accordance with the Change Control Request Procedure. A change in accounting policy is defined as any change in accounting treatment that does not result from a change in an accounting standard.
8. The Service Provider shall maintain, in relation to each transaction, accounting records for and on behalf of TfL to a standard equivalent to the requirements of sections 221 and 222 of the Companies Act 1985 (as amended).