



Bacs Approved Bureau Scheme Supporting Guidelines

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Contents

1	Documentation Information	3
1.1	Version history	3
1.2	Copyright statement	3
2	Introduction	4
2.1	The Faster Payments Direct Corporate Access clearing processing cycle	4
3	What is the Bacs Approved Bureau scheme?	6
3.1	Key elements of the scheme	6
3.1.1	Register	6
3.1.2	Service Users	6
3.1.3	Bacs Approved Software Service (BASS)	7
3.1.4	Bacs reports and notifications	7
3.1.5	Site inspections	7
3.1.6	Third-party sites	7
4	The onboarding (application) process	8
4.1	Do I need to be a BAB?	8
4.2	Who is involved in the onboarding process?	8
4.3	Application to your Sponsoring Participant	9
4.4	Contact with Bureau Inspection team	10
4.5	Registration fee	10
4.6	Bacs Approved Bureau agreement	10
4.7	The Applicant Inspection Process	11
4.8	Next steps - what happens once the questionnaire is submitted?	11
4.9	Summary	12

4.10	Bacs Approved Bureaux logo	12
5	The Inspection Process	13
5.1	Scope of the BAB inspection	13
5.2	Inspection cycle – Tiering	14
5.2.1	Full inspection	15
5.2.2	Interim inspection	15
5.2.3	Re-inspection	15
5.3	Inspection Questionnaire	16
5.4	Inspection visit (where applicable)	17
5.5	Inspection reports	18
5.6	Re-inspection	19
5.7	Appeals procedure	19
5.8	Withdrawal of Bacs Approved Bureau status	19
5.9	Maintaining Bacs Approved Bureau status	20
6	The offboarding process (closing a bureau)	21
6.1	Overview	21

1 Documentation Information

1.1 Version history

Version	Date	Description
1.0	30/06/2022	Final
2.0	30/11/2022	Updated document branding
2.1	28/12/2023	Updated BAB Inspection process / Tiering

1.2 Copyright statement

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2 Introduction

Bacs is owned and operated by leading retail payments authority Pay.UK, the company also responsible for Faster Payments and the Image Clearing System, as well as related services such as the Current Account Switch Service, and many others.

The Bacs Payment System includes Direct Credit, widely used to pay salaries, benefits, dividends and supplier payments directly into bank accounts, and Direct Debit, which automates the collection of regular payments, the preferred payment method for many UK bill payments. Direct Debit payments are safeguarded by the Direct Debit Guarantee which protects payers in the event of an error in payment collection.

Over half of the organisations using the Bacs Payment System make their payment submissions through one of our Bacs Approved Bureaux (BAB) rather than submitting directly to the Bacs Payment System. These are also referred to as ‘commercial bureaux’.

The Bacs Payment System is the electronic funds transfer service provided by Pay.UK. In this document, we are referring to the service that provides the systems and procedures that manage Bacs submissions. A Bacs transmission normally operates in 36 hours spread over three (English) working days. For example, if you want a payment to credit someone's account on Friday, you must submit it before the deadline on Wednesday.

Day 1	Input Day	Files can be transmitted to the Bacs Payment System via specialist software; however, they must be received by 22:30. Bacs processing occurs on day 1.
Day 2	Processing Day	The transaction is processed by the relevant sponsoring participant s.
Day 3	Settlement Day	The amount value is credited to the recipient's accounts and debited from the originator's account (or vice versa for debits) simultaneously on Day 3. Bacs payment files can be scheduled for up to 31 days in advance of the payment date (Day 3).

2.1 The Faster Payments Direct Corporate Access clearing processing cycle

The Faster Payments System allows customers to make faster electronic payments, typically by phone or online banking, for example to transfer money between accounts to pay bills, or make regular standing order payments. This service is used for immediate, singular transactions.

If you wish to offer Faster Payments (via the Faster Payments Scheme Limited (FPS) to your clients, you **must** be registered as a BAB and be registered on the FPS by your sponsoring participant (you will need to discuss with your sponsoring participant regarding the availability of this service through them).

Unless stated otherwise, references to Bacs Payment System throughout this document also apply to the Faster Payments Direct Corporate Access (DCA) service.

Further details can be found using this link: <https://www.wearepay.uk/what-we-do/payment-systems/faster-payment-system/>

These guidelines provide a central point of reference for organisations that either wish to become a BAB, or are an existing BAB looking to enhance understanding of the BAB scheme.

They outline the procedures to be followed in order to achieve or maintain BAB status, in particular;

- the onboarding (application) process - how to become a BAB,
- the inspection process - what you need to complete to become a BAB,
- the offboarding (BAB closure) process - steps to close the BAB.

The guidelines clarify roles and responsibilities for users of the scheme, highlighting the difference between what is a Bacs rule, best practice or for information.

3 What is the Bacs Approved Bureau scheme?

Pay.UK must approve any organisation that submits Direct Debits, Bacs Direct Credits or Faster Payments transactions on behalf of third parties. It provides this approval under the Bacs Approved Bureau Scheme and these guidelines describe the application and inspection process that supports the Scheme.

Achieving BAB status provides assurance to your clients, and provides an indication of those areas where security controls and procedures should be in place in order to mitigate the potential risk of damage to organisations' Bacs processes and Bacs related data.

BAB status is required in order that organisations can process Bacs submissions for third-party entities.

3.1 Key elements of the scheme

3.1.1 Register

Any organisation submitting or planning to submit financial transactions to the Bacs Payments System on behalf of third parties (different legal entities) must, under current Bacs rules, register as a BAB with a Bacs participant (also referred to as a sponsoring participant or sponsor). A list of Bacs participants can be found here - [Payment system participant list](#).

3.1.2 Service Users

Two main types of service users have access to Bacs Payment System. Both types must be authorised and sponsored by a Bacs participant:

Service Users - These are direct or indirect submitters that originate payment instructions only; on their own behalf either directly using their own systems and accredited software, or indirectly via a bureau using the bureau's systems.

Bureaux - A bureau submits payment instructions on behalf of service users, if their sponsor sponsoring participant sets up a relationship between the service user and the bureau. A bureau can both create and submit payment files on behalf of a service user or merely transmit files created by the service user to the Bacs Payment System. There are two main sub-types of bureaux:

- **In-house bureau** - only submits payment instructions on behalf of service users that are part of the same organisation or group of companies as the Bureau (same legal entity). In-house bureaux are not required to register for BAB status.
- **Commercial bureau** - submits payment instructions on behalf of third-party service users (separate legal entities). In addition to authorisation by a Bacs participant, all commercial bureaux must demonstrate compliance with the Pay.UK application and inspection process prior to becoming a BAB. The BAB status is non-transferrable and cannot be operated by any organisation other than the one approved by Pay.UK.

3.1.3 Bacs Approved Software Service (BASS)

To enable transmissions to the Bacs Payment System, all service users must use Bacs approved software, which is supplied by a Bacs approved solution supplier. A Bacs approved solution supplier is a software solutions developer and supplier providing software, hardware and consultancy services to Bacs customers to enable them to use the Bacs Payment System. Pay.UK assesses their products and services against a series of rigorous standards and criteria as defined by BASS. Bacs approved software suppliers are permitted to display the appropriate Bacs approved software supplier logo on their published materials.

If non-approved software is used, the Bacs Payment System will reject the submission.

A list of suppliers and approved products is available on the Bacs website - [Bacs approved software](#).

Note: while the software used to submit Bacs transactions is approved, the organisation providing the software, including any additional services, is not part of the approval process and that it is the bureau's responsibility to undertake any third-party due diligence with regards to information security and data protection.

3.1.4 Bacs reports and notifications

A number of reports are produced during the cycle to confirm the arrival and processing of data received. The two reports, which are always produced and with which users are usually most familiar are:

- **The Submissions Summary (arrival) report** - this electronically transmitted report from the Bacs Payment System confirms successful receipt and acceptance of a file submission as soon as the file has been submitted to Bacs, prior to Bacs verification or processing.
- **The Input Report** - this electronically transmitted report from the Bacs Payment System is received within four hours after the submission and confirms the processing of the individual transactions within a file submission. It reflects the validation performed on input day and details any errors detected as part of the Bacs processing.

It is also very important to check the messaging reports, which can be received on day 2 or 3 of the processing cycle, and identifies unapplied or redirected items within the submission file. These are described fully in the Bacs specific user manuals - [Direct Debit and Bacs Direct Credit guide and rules](#)

3.1.5 Site inspections

Where a BAB provides services as part of its end-to-end Bacs processing, from another location other than the BAB site (for example, data preparation), the BAB must advise us of these sites (including all overseas sites). We will decide if that site needs to be inspected – if so – will be subject to an additional fee. (see section 5.2 Inspection Cycle)

3.1.6 Third-party sites

It is a bureau's responsibility to undergo due diligence for any third-party service provider to ensure the integrity and confidentiality of data within the provisions on the Data Protection Act. We reserve the right to visit any third-party service provider, which will be charged as an additional site visit fee.

4 The onboarding (application) process

This section of the guidelines sets out the steps necessary to become a Bacs Approved Bureau (BAB). It is important that each element is completed in chronological order, and the applicant is aware of who is responsible for undertaking which actions, when, and why.

4.1 Do I need to be a BAB?

Initially, any organisation must be clear about why they want, or need, to become a BAB. This can be determined by understanding the current status in relation to the Bacs service.

I am currently:	a service user submitting transactions on behalf of my own organisation only	a bureau submitting transactions on behalf of my own organisation only	a service user submitting transactions on behalf of external third-party legal entities	a bureau submitting transactions on behalf of external third-party legal entities
No bureau requirement	✓			
In-house bureau		✓		
Bacs Approved Bureau (BAB)			✓	✓

**Not mutually exclusive; any external third-party activity drives the necessity to become a BAB*

An organisation submitting data on behalf of totally independent third-party customers must register as a Bacs Approved Bureau.

4.2 Who is involved in the onboarding process?

There are various stakeholders within the scheme, and they work together during onboarding new Commercial Bureau. These are described below:

Role	Description	Onboarding function
Applicant (you)	Organisation has established it wants/need to be a BAB	Starts process
Sponsoring Participant (SP)	Any financial institution that can authorise service users to use the Bacs Payment System	Applicant's account holding sponsoring participant; initial application is made to them
Customer Service Group (CSG)	Acts as the participant's centre of expertise	The BAB process is initiated correctly; status is agreed
Relationship Manager	Main point of contact between the Bureau and the participant	Assist with any issues and queries and provide their customers with impartial advice on Bacs (with escalation to the CSG where necessary)

Bacs Approved Software Service (BASS)	Your choice of approved solution provider (list available here: Bacs approved software)	The approved software solution provider will work directly with you to set up and test functionality, ahead of 'go live'.
Bureau Inspection team (BI team)	The Pay.UK Bureau Inspection team manages the Scheme and all related procedures from a Pay.UK perspective	Following instructions from the sponsor participant, BI team will complete all verification, set up and trigger the Pay.UK New Applicant process, including providing secure access to the Bureaux Portal
New Bacs Approved Bureau	Complete the necessary steps to become a Bacs Approved Bureau	Work with BI to set up contacts, sign BAB agreement, fee payment method, initial inspection process, await 'go live' confirmation

4.3 Application to your Sponsoring Participant

It is a requirement that you apply for authorisation from the sponsoring participant with which you maintain your normal business relationship. This is known as the 'Sponsoring Participant'. Each Bacs sponsoring participant operates a Bacs Customer Support Group (CSG) that acts as a liaison point providing support to all Bacs service users sponsored, or authorised, by that member. Your CSG may refer you to your relationship manager. Contact details for your CSG will be provided by the BI team.

Your sponsoring participant will outline the conditions for becoming a BAB and you will be required to complete the sponsoring participant's internal application process. As this part of the process differs slightly from sponsoring participant to sponsoring participant, your sponsoring participant will be able to provide you with further details of requirements for this stage.

If you are not already a bureau your CSG will issue you with a Bacs bureau number. If, however, you are already an in-house bureau you may either use that number for your BAB or request your sponsoring participant to issue you an additional bureau number. All bureau numbers, regardless of whether they are BAB or in-house are in the following format *Bnnnnn*.

Details supplied by you to your sponsoring participant will be forwarded to the Bureau Inspection (BI) team within Pay.UK who will contact you for the next steps and timescales involved. At this stage, you are not permitted to make third-party submissions.

4.4 Contact with Bureau Inspection team

When the BI team receives your application from your payment service provider, they will contact you formally to discuss the requirements in relation to becoming a BAB and your needs in relation to your business requirements.

They will discuss;

- the BAB new applicant process, including confirmation of all information supplied by the sponsor participant,
- the fee that needs to be paid ahead of the onboarding process commencing,
- the purpose of the initial inspection, and then arrange for you to complete a questionnaire, and supporting documentation that we need to see,
- the Bacs Approved Bureau agreement and the Direct Debit Instruction for signature (for the payment of your future fees),
- the timescales for the initial inspection.

4.5 Registration fee

Following the receipt of your application, the BI team will send an invoice for payment of the registration fee. The fee levied is a one-off payment to cover BAB set up and administration costs. The registration fee is payable for new BABs only. This is a separate fee from the annual fee, which new BABs are exempt from during the calendar year they join the scheme.

The annual fee will be levied in April each year at bureau number level based on the total number of transactions submitted to the Bacs Payment System during the previous calendar year. The registration fee must be paid before your BAB application can be progressed. A copy of the BAB tariff, fees and charges - [BAB Tariff](#)

At this stage, your BAB is not live, and you are not permitted to make submissions. Once the fee is paid, the questionnaire, the agreement and Direct Debit Instruction have been submitted to Pay.UK, a Bureau Inspector will contact you to arrange a date for the inspection.

Note – if the application process is not completed within 12 months, the application will expire. The BI team will contact you during this period; however, if no progress is made, the process will need to start again (including sponsor participant and fees payable).

4.6 Bacs Approved Bureau agreement

All BABs are subject to the approval of Pay.UK and are required to complete a formal contract that provides Pay.UK with the right to undertake regular inspections (*see section 5 below*), and sets out the general terms and conditions between the bureau and Pay.UK.

4.7 The Applicant Inspection Process

The prospective commercial bureau must meet the SPs internal criteria and requirements, which includes undergoing a Bacs Approved Bureau (BAB) inspection visit, undertaken the Bureau Inspection team within Pay.UK. During an inspection, the Bacs Inspector will assess the organisation's standards of security, technical competence and operational integrity and, where appropriate, recommend how these might be improved. Pay.UK recognises that organisations differ in size, complexity of operation and the range of services offered, therefore, the inspection process aims to provide a fair and objective evaluation and any recommendations raised are at a practical level and tailored to suit the needs of specific organisations. However, as the inspection process is risk based, there are some sections of the process, which will apply across all organisations, regardless of size.

The inspection is supported by you completing a questionnaire, the purpose of which is to help the BI team understand your organisation and the nature of your operations.

See *section 5* for more information regarding the inspection process and content.

Note: for new applicant inspections, all supporting documentation must be supplied (via the Bureau portal) alongside the Questionnaire ahead of the inspection.

All organisations applying for Bacs Approved Bureau status must complete the questionnaire as part of the new applicant process.

4.8 Next steps - what happens once the questionnaire is submitted?

Once the completed questionnaire has been submitted to the BI team, a Bureau Inspector will contact you to arrange an on-site visit, subject to review of the responses. If further clarity or information is needed, the Bureau Inspector will let you know.

The on-site inspection will determine that the operations and procedures of the organisation are acceptable and within the risk assessment and management criteria defined by Pay.UK for BAB status. Under certain circumstances, during the inspection, an organisation's operations and procedures may not attain the required standard in one or more of the categories. In such cases, a successful re-inspection of that category (or categories) will be required before the organisation is approved as a BAB and permitted to use the Bacs Payment System and facilities. Details of the re-inspection process can be found in *Section 5*.

Bacs Approved Bureau status is dependent upon;

- payment of the registration fee,
- the successful completion of the applicant inspection process,
- the completion and return of a formal contract.

Once complete, Pay.UK will confirm to the sponsoring participant that the organisation has now met the Pay.UK criteria for becoming a Bacs Approved Bureau. The sponsoring participant will then make their final decision (based on their own criteria) regarding becoming a fully authorised BAB.

At this point, if required, contact details will be listed in the BAB directory on the Bacs website.

4.9 Summary

In summary, in order to initiate an organisation operating as a BAB and for that organisation to be permitted access to the Bacs Payment System as a BAB, the organisation must:

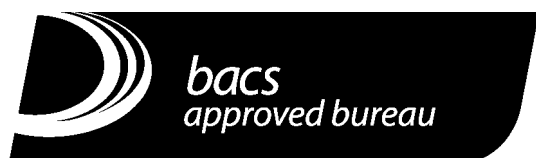
Action	Owner
Gain authorisation to join the scheme by your account holding sponsoring participant	Applicant
Initiate the new applicant process in Pay.UK	BI team
Remit the BAB registration fee to Pay.UK	Applicant
Complete and submit the inspection questionnaire and supporting documents	Applicant
Provide completed and signed copies of the BAB agreement	Applicant
Complete a successful inspection	Applicant/BI team
Issue BAB certificate, a copy of the final inspection report together with a BAB logo for use on letterheads and marketing material.	BI team
Confirmation that you may proceed with using the live Bacs Payment System as a BAB.	BI team
Arrange with sponsor participant next steps regarding activation of service	Applicant/sponsoring participant

The BAB cannot be activated unless the steps above are complete.

In order to maintain BAB status, your organisation will be required to undergo an inspection review one year after the application inspection. This process will then revert to every three years, on average.

4.10 Bacs Approved Bureaux logo

When you have achieved BAB status, you will be entitled to use the BAB logo.



Bureaux awarded the BAB logo have been inspected and have met appropriate standards of business, security, technical and operational competence at the time of the inspection by Pay.UK.

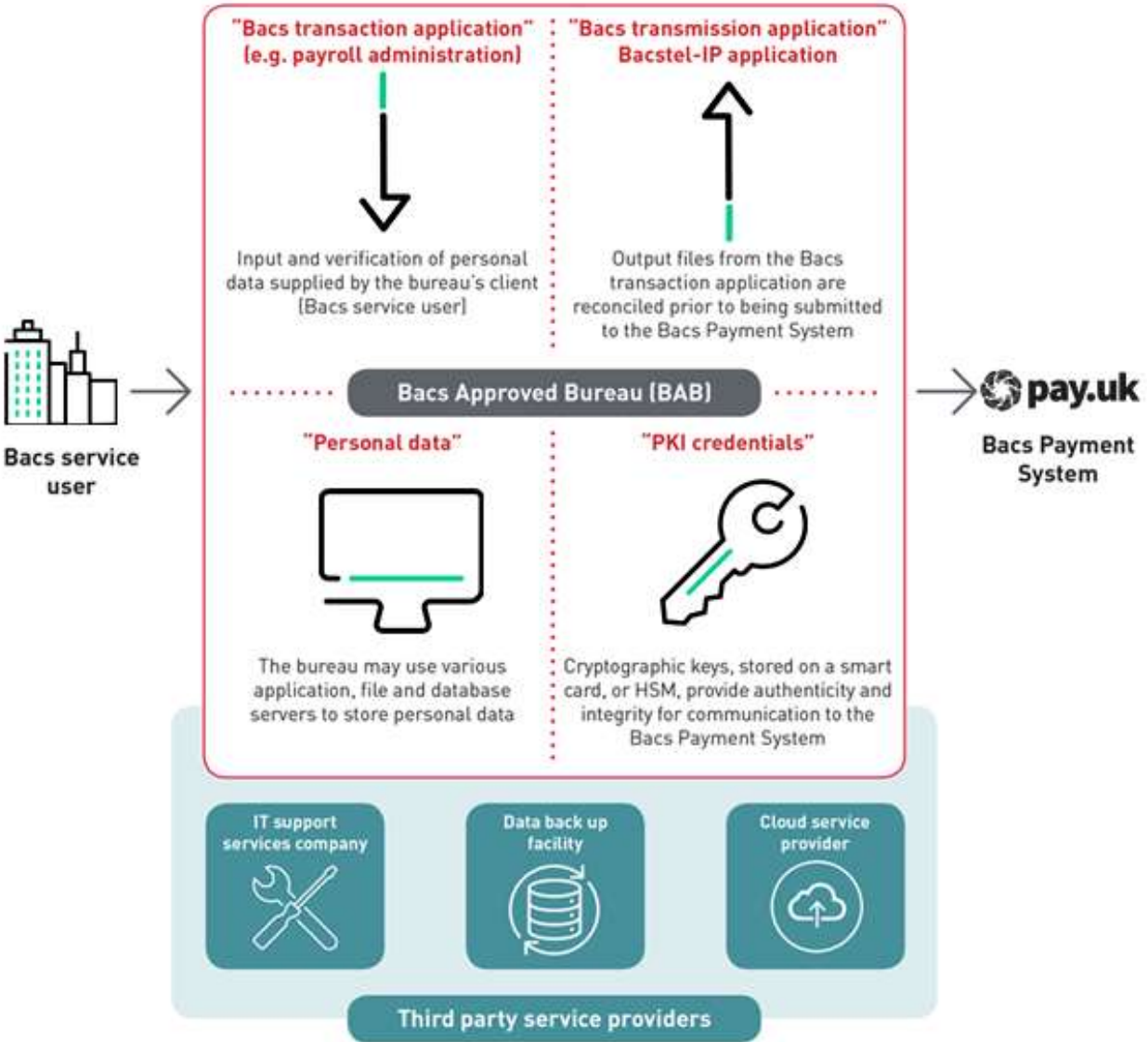
It is important to note that BAB status is based upon point in time inspections and that Pay.UK does not make any representation in respect of the suitability, or otherwise, of organisations approved under the scheme for any purpose.

5 The Inspection Process

All organisations operating a Bacs Approved Bureau (BAB) must undergo an inspection, conducted at regular intervals (see section 5.2). During an inspection, the Bacs Inspector will assess the organisation’s standards of security, technical competence and operational integrity and, where appropriate, recommend how these might be improved. Pay.UK recognises that organisations differ in size, complexity of operation and the range of services offered, therefore, the inspection process aims to provide a fair and objective evaluation and any recommendations raised are at a practical level and tailored to suit the needs of specific organisations. However, as the inspection process is risk based, there are some sections of the process, which will apply across all organisations, regardless of size.

5.1 Scope of the BAB inspection

The inspection seeks to assess end-to-end payment processing, from the receipt of Bacs-related information, through to the point of transmission to the Bacs clearing system (see diagram below).



BAB: A BAB is an organisation that submits financial transactions to the Bacs Payment System on behalf of external third-party legal entities. The BAB is responsible for the end to end process which will include the receipt of data from the customer (Bacs service user) and may also include the management, input and verification of customer data to a transaction application (e.g., payroll application). The BAB is also responsible for the management of public key infrastructure (PKI) credentials which, in conjunction with the Bacs transmission application, are used to submit the transaction data to the Bacs Payment System. Following submission, the various Bacs reports produced must be verified and actioned by the service user and/or BAB. The whole of the BAB operation is subject to the inspection process.

Third-party service provider: Where a BAB chooses to engage with a third-party service provider to support its Bacs operation, the protection of personal data remains the responsibility of the BAB and, they must ensure that any third party that stores, processes or has access to personal data, provides the appropriate level of protection. Pay.UK reserves the right to visit and inspect the site of any a third-party service provider.

5.2 Inspection cycle – Tiering

Each Bacs Approved Bureau (BAB) is allocated a ‘tier’, based on the volume of transactions made under the bureau number for the previous calendar year. The tier provides an indication of the systemic risk the bureau presents to the payment’s ecosystem in the event of an outage, or disruption, which may adversely affect the bureau’s ability to continue fulfilling its responsibility as a BAB to the Bacs service users which use the BAB.

The following table illustrates the current BAB tiering:

Tier	Transaction Volume
A	>5 million
B	250K – 5 million
C	25k – 250k
D	<25k

The BAB tier determines the type and frequency of the inspection visits. The following table provides the inspection cycle for each BAB tier and the type of inspection undertaken:

Tier	Year 1	Year 2	Year 3	Year 4
A	Full inspection (on-site)	Interim inspection (on-site)	Full inspection (on-site)	Interim inspection (on-site)
B	Full inspection (on-site)	Annual Compliance Statement (ACS)	Full inspection (on-site)	Annual Compliance Statement (ACS)
C	Full inspection (remote)	Annual Compliance Statement (ACS)	Annual Compliance Statement (ACS)	Full inspection (remote)
D	Full inspection (remote)	Annual Compliance Statement (ACS)	Annual Compliance Statement (ACS)	Full inspection (remote)

There are several of types of inspection which is determined primarily by the BAB tier, but also by any extenuating circumstances which may necessitate an inspection outside of the regular cycle.

5.2.1 Full inspection

All BABs must undergo a full inspection in accordance with the frequency associated to their BAB tier. The purpose of the full inspection is to assess the ongoing compliance of an existing BAB in accordance with the operational and security controls set out in the following documents:

- BAB Inspection Questionnaire
- Annex A - Third Party Risk Management (TPRM)
- Annex B – HSM and Cryptographic Key Management

These documents must be completed and submitted prior to the inspection, including any supporting documents (*see section 5.2.3 below for further details*)

A full inspection can be undertaken either, on site, or remotely, depending on a BAB's allocated tier, and may include one, or more site visits depending on whether the BAB operates from more than one location. Typically, BABs in tiers C and D will be inspected remotely, however, the Bureau Inspector will randomly sample BABs in these tiers for an on-site inspection on an ongoing basis.

NOTE, an inspection can be undertaken outside the normal cycle if deemed necessary. Such circumstances include,

- BAB change of status – the BAB's Sponsoring Participant is required to inform Pay.UK of any change to a BAB status, for example, change of ownership, change of premises, change of IT infrastructure etc. If the change is deemed significant, then the Bureau Inspector may carry out a full, or partial inspection, to address the identified areas of risk.
- Change of BAB tier – transaction volumes are reviewed on a quarterly basis. If there is a significant increase in transactions being processed by a BAB which changes the BAB tier, then the next inspection can be brought forward in line with the inspection cycle.
- Annual Compliance Statement (ACS). The Annual Compliance Statement (ACS) is issued to all BABs who do not undergo an inspection during a calendar year. The ACS is administered by the Onboarding & Assurance Business Support team, and comprises a summary of contact information, together with questions which identify any significant changes to the BAB operation. Such a change may require an immediate inspection.

5.2.2 Interim inspection

An interim inspection only applies to BABs allocated to tier A. Unlike a full inspection, the BAB is not required to complete the BAB Inspection Questionnaire and Annexes. Instead, the Bureau Inspector will check progress against each of the recommendations raised as the previous inspection and review any new evidence. In addition, the BAB will be required to review the previous BAB Inspection Questionnaire and identify any changes which require further inspection.

5.2.3 Re-inspection

A re-inspection occurs where a bureau has failed its previous Inspection. When issuing the report for the original inspection, the Inspector will advise which category or categories a bureau has failed in and

will advise which of the recommendations raised are considered high risk and must be remediated in order to retain BAB status. The re-inspection must occur no more than six months from the date of issue of the failed inspection report. Please note that a failure in the re-inspection may result in the removal of BAB status.

The inspection process comprises a number of key elements:

Step	Description	Parties
Pre-inspection	Arrange date, completion and return of the inspection questionnaire, supporting documents and, where relevant, the supporting annexes within the required timescale	BAB and Bureau Inspector
Inspection visit or remote (determined by BAB tier)	On-site visit of locations involved in the end-to-end Bacs Payment System operations as well as other sites deemed to be in scope; or a call to discuss the Questionnaire responses	BAB and Bureau Inspector
Inspection report	Production of an inspection report outlining requirements and recommendations, a copy of which is issued to the BAB and to its sponsoring participant	Bureau Inspector, BAB and sponsoring participant
Re-inspection (where necessary)	If assessed as 'Fail' in any category this will result in a failure of the entire inspection. The BAB will have an opportunity to address identified risks before undergoing a re-inspection, within agreed timescales (maximum 6 months)	BAB and Bureau Inspector

5.3 Inspection Questionnaire

The purpose of the questionnaire is to enable Pay.UK to understand your organisation and the nature of your operations. The questionnaire covers the security controls and risk management procedures that ensure the integrity, confidentiality and ongoing availability of your BAB operation. Relevant sections are based on the Information Security Standard ISO/IEC 27001.

The questionnaire is divided into sections relating to different aspects of your business, and the sections can be distributed to the relevant managers for completion. These are:

- Organisation & Policy
- Professional Services & Commercial Arrangements
- Physical Security
- Network Environment
- Systems Management
- Logical Access Control
- Business Continuity & Disaster Recovery
- BACS Processing & Data Controls

There are two additional annexes which accompany the questionnaire, and must be completed if applicable to your BAB operation:

- **Annex A – Third Party Risk Management (TPRM)** - we want to understand where outsourced/cloud service usage is material; where there is a dependency on these services which, if disrupted, would have the potential to impact robustness and resilience, business operations and customer services in-scope of Pay.UK.
- **Annex B - HSM and Cryptographic Key Management** – A BAB must complete this form if using an HSM as part of its Bacs transmission solution, and/or handling cryptographic keys and certificates.

5.4 Inspection visit (where applicable)

On-site inspections will be carried out at the location from where the Bacs processing is controlled (which must be the registered address of the BAB). If your IT computer/server rooms are based elsewhere, they may also require an inspection visit.

Elements of the inspection visit:

Activity	Purpose
Introductions and overview	To obtain an overview of the organisation’s business and operations, including the type of transactions submitted, and review the information that Pay.UK hold regarding the bureau
Site tour	Looking at the physical elements of the site, concentrating on the processing operational areas and server rooms
Review questionnaire responses	Meeting with operational management and appropriate personnel, including the individuals responsible for completing the questionnaire
Review Bureau operations	Observe procedures and controls for submitting transactions through the Bacs Payment System
Summary and close	You will be given an indication of the likely assessments and recommendation, next steps and timelines

Supporting documents such as information and IT security policy, process guides, customer agreements and business continuity plans will be reviewed and discussed during the visit. In order to aid preparation for the inspection, you must upload supporting evidence to the bureaux portal alongside the completed questionnaire (a full list of suggested supporting documentation can be found at the end of the questionnaire).

The inspection visit will be considered a ‘point in time’ assessment, and the Bureau Inspector will need to be accompanied throughout the visit. The visit will typically last between 5-7 hours, depending on complexity and nature of your business.

Remote inspections will be conducted via a Microsoft ‘Teams’ virtual meeting, with a reduced timescale. Physical elements will be discussed, and assessed accordingly.

Cancellations – it is important that you work with the Bureau Inspector ahead of the inspection to ensure all actions are completed in good time. Should the inspection need to be cancelled, a fee will be charged if you cancel an inspection **with less than 10 working days’ notice** without extenuating circumstances.

5.5 Inspection reports

Following the inspection visit or call, the Bureau Inspector will assess and reflect on the responses given in the questionnaire, observations and insights gained during the visit or call, to produce the inspection report.

Each category of the questionnaire is given an individual rating following the visit, considering the size, format and nature of the organisation and of the Bureau operation.

The ratings are:

Pass – Where an Inspector has either identified no risks in relation to BAB operations or any recommendations which have been raised, address an issue of relatively low risk.

Pass – Where an Inspector has identified risks in relation to BAB operations and has raised recommendations/requirements to address these.

Fail – Where the Inspector has identified high/critical risks in relation to BAB operations and the resulting requirements raised must be implemented in order to maintain BAB status.

If assessed as **Fail** in **any** category, this will result in a failure of the entire inspection. The BAB will have an opportunity to address identified risks before undergoing a re-inspection. The BAB will be allowed to continue to submit **only** if the risk is managed and resolved within 6 months.

Not Applicable – Where an Inspector believes this category to not be within the scope of the inspection.

Where risks are identified, the Bureau Inspector will outline requirements or make recommendations to mitigate the risk. These can be distinguished as:

- **Requirements:** The Inspector will raise a requirement where they assess that action must be taken to address a risk, which has been identified in relation to BAB operations. It is important to note that where a requirement has been raised this does not automatically result in a failed inspection.
 - The action **must** be undertaken within a specified time period.
 - The Bureau Inspector will review, guide & advise you as appropriate.
- **Recommendations:** The Inspector will raise a recommendation where they assess that action should be taken to address a risk, which has been identified in relation to BAB operations. It is important to note that should a recommendation be raised, but then not implemented by the time of the next inspection, this may be restated as a requirement.
 - Based on best practice - consider putting these in place in the future
- **Sponsoring participant actions:** At the end of the report, the Bureau Inspector may include actions for the sponsoring participant.

The report will specify the outcome, which will be that your organisation currently meets/fails to meet the standard required for Bacs Approved Bureau status.

The report will be made available to you within 5 working days, via the Bureaux portal.

Where standards are met, the Certificate of Approval will also be uploaded. You can then print off and display the certificate at your place of work.

Failed inspections will require a re-inspection, within (maximum) 6 months.

The report will also be made available to your sponsoring participant.

5.6 Re-inspection

A rating of **Fail** in any category will result in a re-inspection. This will be scheduled within (maximum) 6 months, allowing time to address the requirements made in the report.

Depending on the reason for failure, this may be conducted remotely, using video conferencing (or similar) where appropriate, and will concentrate on those specific aspects of the bureau operations previously assessed as “Fail”. Those categories of the questionnaire must be completed ahead of the re-inspection.

Following the call, the Bureau Inspector will issue an updated report, and amend the outcome as appropriate.

Failure to implement the requirements within the prescribed deadline (which can be extended, as necessary) may lead to the bureau’s approval status being suspended or withdrawn, and to the Bureau ceasing to be authorised to perform approved activities. A cost may be charged to cover the second re-inspection.

5.7 Appeals procedure

In the event of subsequent failed inspections, you may wish to make an appeal against the outcome this can be done by following the escalation of disputes and appeals procedure outlined in the BAB agreement.

5.8 Withdrawal of Bacs Approved Bureau status

The following are likely to lead to the suspension or withdrawal of BAB status, resulting in the removal of the ability to submit payment instructions on behalf of third-party service users;

- failure to agree an Inspection or re-inspection date,
- failure to achieve a rating of at least **Pass** in all Questionnaire categories - this may occur at the end of the inspection, re-inspection, bureau-initiated final re-inspection, Stage 1 or Stage 2 of the appeals procedure,
- failure to pay fees in a timely manner (within 30 calendar days of the issue of any invoice, or prior to an Inspection as required in the BAB tariff),
- failure to notify Pay.UK of any change in control of the Bureau without the prior agreement (note – it is a scheme rule that ownership of the BAB number does not transfer with sale of business),
- the discovery of fraud, malpractice or misconduct on the part of a bureau or its personnel,
- any other circumstances set out in the contractual obligations between you and Pay.UK.

5.9 Maintaining Bacs Approved Bureau status

In addition to keeping your sponsoring participant informed of major changes, you are responsible for supplying Pay.UK with details of any changes that may impact upon your BAB status.

Changes can include, but are not limited to:

- BAB contact and / or contact addresses
- BAB invoice address
- BAB IT infrastructure
- BAB location
- BAB ownership

Note – both your sponsoring participant and Pay.UK must be advised before any proposed change of ownership of a BAB takes place. We will review your position regarding fees, check your sponsoring participant agrees, and usually give agreement that the transfer of the BAB to the new organisation can go ahead. (Note – BAB status is non-transferrable).

Your sponsor participant will initiate the change of user process, which, depending on the details of the transfer, may incur new applicant fees and a new applicant inspection. For the duration of the transfer, your BAB status on the Payment Services Website will be set to 'In-house'.

Failure to notify us in a timely manner of any of the above risks the loss of BAB status, which will impact your ability to process transactions on behalf of your clients.

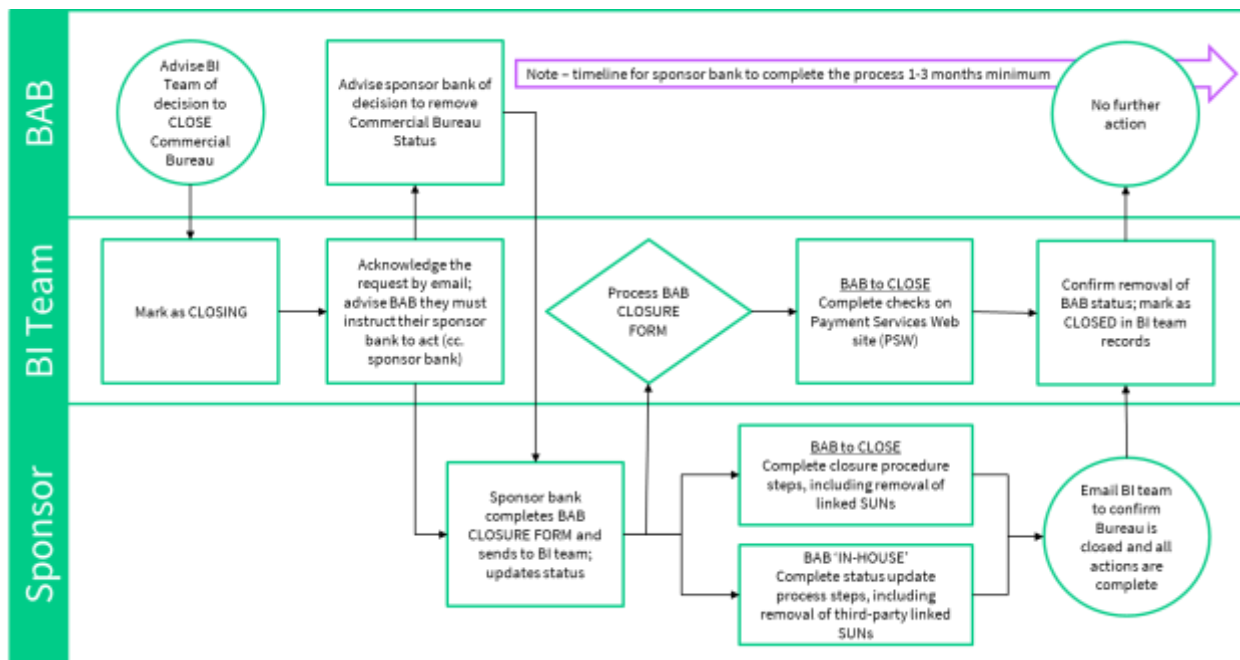
6 The offboarding process (closing a bureau)

There are a number of reasons why Pay.UK may remove the BAB status from a commercial or applicant bureau. These are as follows:

- BAB no longer wishes to maintain its BAB status (notified by the bureau or the sponsoring participant)
- The BABs sponsoring participant chooses to revoke sponsorship of the Bureau number
- Non-compliance of the BAB rules i.e. non-payment of the annual tariff or other fees
- Failed re-inspection of the BAB
- Applicants that have chosen not to progress their BAB status
- Pay.UK chooses to terminate an application for lack of progress

**The above list is non-exhaustive*

6.1 Overview



The above diagram captures the end to end process across all parties.

Should you decide to terminate your BAB status, you must provide three months' notice to Pay.UK, who will then instigate the above. The process is conducted between Pay.UK and your sponsor participant, who will send us a completed BAB Closure Form.

Once notice is received, you will no longer be able to take on (link) new customer SUNs to the bureau number. The Bureau number will be set to 'In-House' on Payment Services Website.

Your sponsor participant will advise you of the subsequent change in software status, depending on how you intend to operate going forward.



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