

Critical services assurance framework



All organisations have critical services that they depend on.

In the financial services sector, there are regulations to ensure that there are adequate business continuity arrangements in place, including that contracts allow for services to transition seamlessly to a third party in the event of total failure. In the case of a bank this would likely be the Bank of England or the PRA, however, for corporates it could be the administrator, for example.

To help you consolidate your own position, we've provided you with an adaptable template to document and monitor assurance of the critical services your organisation relies upon. A mandatory requirement in the **financial services** sector, all organisations should consider it good practice.

User guide

Service Category	Typical examples	Critical Service Providers	Internal Assurance		Contractual Assurance	Risk Severity	Existing Assurance Provision			Proposed Addition
			1st	2nd			1st line	2nd line	3rd	
Human Resource Support	Staff administration, including administration of benefits and remuneration Internal communication									
Information technology	IT and communication hardware Data storage and processing Email and intranet systems, applications, telecommunications, servers, data centres and related services Administration of software licenses and application software Access to external providers, in particular data and infrastructure providers Application maintenance, including software application maintenance and related data flows Report generation, internal information flows and data flows User support Disasters and disaster recovery									
Operations	Production, intellectual property, R&D People, knowledge Procurement Production, manufacturing, design Logistics Marketing, advertising, sales Energy generation Educational services									
Property and facility provision or management and associated facilities	Office premises and change Leasing Customer facing facilities - branches, stores, showrooms Internal facilities management Security and access control Property portfolio management									
Legal services and compliance functions	Corporate legal support Business and transaction legal services Compliance support Control of outside law or legal type related risk									
Risk management	Control of outside law or legal type related risk Risk management Risk report generation Statutory and regulatory reporting									
Accounting	Cost handling Management accounting									
Treasury related services	Coordination, administration and management of the treasury activities Coordination, administration and management of debt refinancing, including corporate management Reporting function, in particular with regard to regulatory liquidity rules Coordination, administration and management of medium and long-term funding programs, and refinancing of group entities Coordination, administration and management of refinancing, in particular short-term issues									

*Click thumbnail to download framework template

1) **The framework is generic** - It is a starting point. You will need to adapt the categories to fit/suit your own organisation.

2) **Research** - Your organisation may have identified the services/processes that are critical to continuity of the business eg what happens when a pandemic hits if it impact a major supplier eg coronavirus and China, which is exactly the position that Land Rover has found itself in.

- If so, this is your starting point.
- If not, perhaps a team brainstorm and discussions with 'heads of' may be necessary to produce such a list.
- It is useful to think of critical services as those that the organisation relies on to continue operating in the short-medium term (crisis management).
- Services that are provided by other parts of a Group or by third parties are where the focus needs to be.

3) **Identify all of the service providers** - Noting whether they are internal or external providers.

4) **Identify existing assurance:**

- Who monitors the external provider for financial stability (think Carillion, Interserve) and performance quality?
- What are their contingency plans?
- What are your contingency plans if they fail or are not able to deliver the services under contract?

5) **What does the gap look like? What role should internal audit be taking?**

- Advisory to address first/second line gaps
- Set up a critical services forum to discuss providers, assurance, industry knowledge etc on a quarterly basis
- Increased independent assurance
- Talk to the audit committee

6) **Be proportionate** - While this framework isn't time bound, you will need to review your organisation's critical services on a proportionate basis. In many cases, this could mean referring back to the framework half yearly unless unique events occur eg coronavirus then an immediate review will need to be undertaken to ensure it is fit for purpose.