Senior Managers & Certification Regime (SM&CR)
Outsource Considerations
for Senior Managers

Purpose

This paper is intended to be used by Senior Managers in relation to oversight of outsource arrangements to provide:

- An overview of how Outsource Governance fits into SM&CR

- Considerations into how to meet the requirements

- Outline key elements of potential reasonable steps
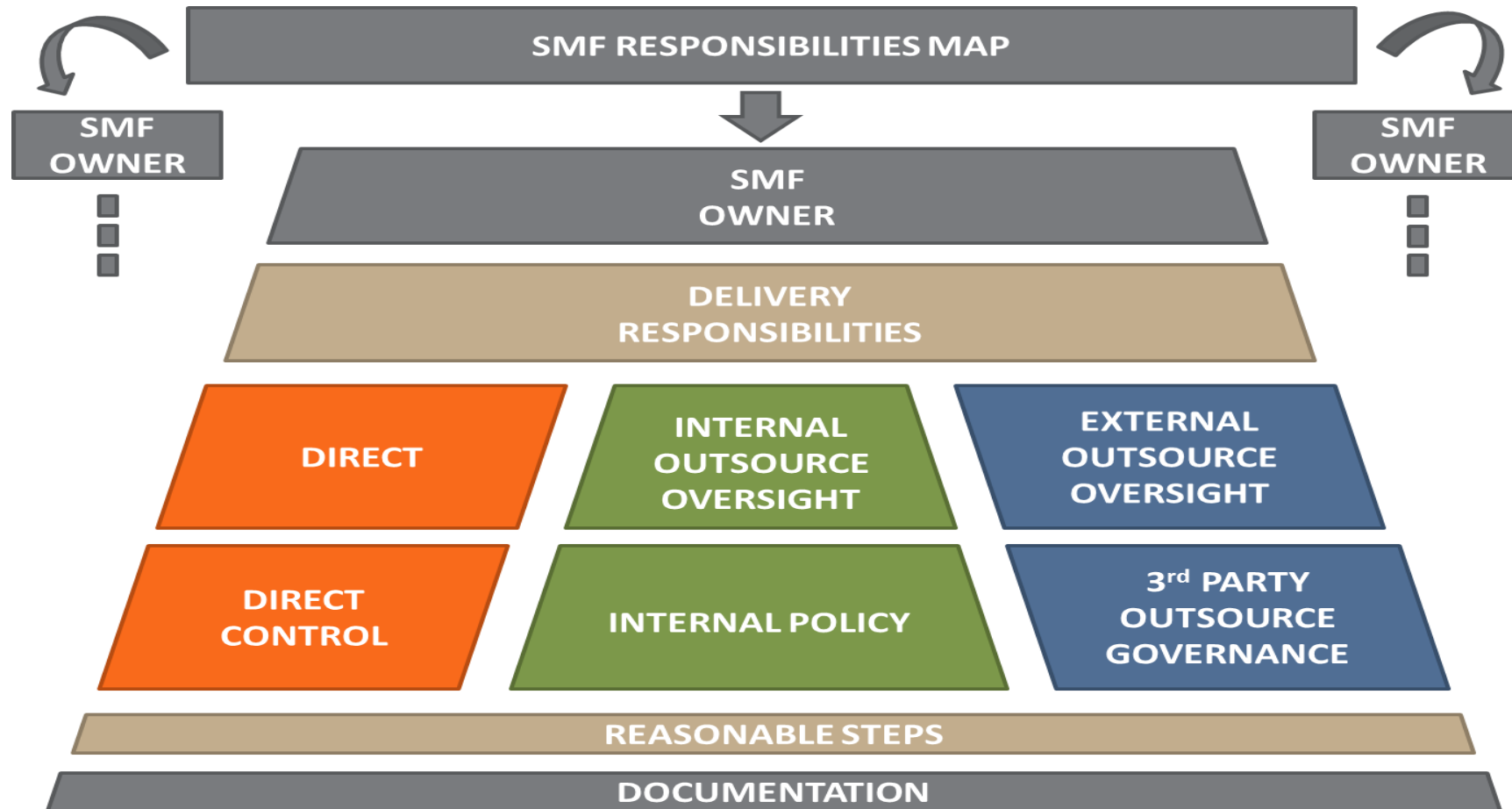
Senior Manager Responsibilities and Reasonable Steps

Under the Senior Managers & Certification Regime, Senior Managers must take 'reasonable steps' to manage, operate and control the areas of business under their responsibility.

Senior Managers will need to ensure they receive and have access to the right level of information and controls in relation to outsource arrangements under their responsibility and will likely want to review various areas, including:

- Contracts
- KPIs
- MI and governance arrangements

Contents

- Senior Management Function (SMF) responsibilities

- Key elements to reasonable steps for outsourcing

- Other considerations

@uktisa

Senior Manager Function (SMF) Responsibilities (how this looks in practice)

@uktisa

Key elements to reasonable steps for outsourcing – Key governance elements typically include:

Clear ownership of the relationship

Define role and responsibilities and ensure a clear overall owner of the relationship

Contract

Clearly set out the services to be provided and include items such as: the exit terms, the continuity and contingency arrangements, etc.

SLA

Set out service provision timeframes, reporting and escalation

@uktisa

Key elements to reasonable steps for outsourcing – Key governance elements typically include:

Identified and agreed KPI's and KRI's	Mutually agreed on a risk based approach to effectively manage performance and forward looking rules
Service Review Meetings	Appropriate timeframes, set agenda, minuted for evidence, etc.
A Periodic Regular Review	Encompassing the following elements and potentially involving an independent department or SLOD (second line of defence) • Documentation • Risks • BCP • Governance Arrangements

@uktisa

Other considerations

- Develop a proportionate framework and consider tiered arrangements
  - Critical Economic Functions (CEF) impact
  - Internal/external
  - Nature and risk of the service
- For complex Operating Models be aware of the need to look through to underlying
- Consider what should be evidenced and how
- How do you demonstrate influence over changes to material elements of arrangements
- Take standard where possible; bespoke solutions increase oversight risk for you and the provider
- Pragmatic solutions – don't create cottage industries – how do you do it today
- Use what's already available, e.g. SOC1 reports (system and organisation controls)   @uktisa