

Stage 3 Shared Assessment

Hellios Information Limited

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Stage 3 Shared Assessment Scheme

The latest regulatory guidance for financial institutions in assessing their third parties is becoming stronger and more detailed assessments will become the norm for a wider group of suppliers to the financial services sector. The [FSQS community](#) of banks, insurers and building societies have considered the most effective way to meet these regulatory changes is through collaboration and shared assessments, concluding that this is the most efficient solution for suppliers, based on the existing [FSQS](#) community model.

Over the past few months, the members have worked to build an assessment process that can be shared by the [FSQS community](#) and we are now ready to launch.

The benefits of the Stage 3 assessment programme:

The Stage 3 process is expected to deliver the following benefits to members and suppliers:

Members

- Improved regulatory compliance.
- Reducing assessment costs through sharing and reduced duplication.
- Access to wider pool of assessment reports.
- Reduced timescales were assessment. reports already exist in the community.
- Access to peer expertise.
- High level of objectivity in supplier selection.
- Continued development of the system to cover more areas and domains.
- Planned combined reporting with Stage 1 and 2 to provide an overall risk picture.

Suppliers

- Significantly reduced resource effort compared with individual member assessments.
- Common approach facilitates business process improvement.
- Potential competitive advantage in sourcing/selection over peers that have not been assessed.
- Standard assessment that is available to new potential customers within FSQS.
- Assessment that is available to use with other customers.

What are the regulatory changes that have driven the need for the Stage 3 assessment?

The latest [EBA Guidelines](#) on outsourcing arrangements apply from 30 September 2019. These guidelines are wider in scope than previous guidelines and are not limited to critical/material arrangements, particularly for IT services. The new guidelines include the following specific provisions regarding on-site audits for critical or important functions:

- 13.3 87.a “**full access to all relevant business premises** (e.g. head offices and operation centres), including the full range of relevant devices, systems, networks, information and data used for providing the outsourced function...”
- 13.3 87.b “**unrestricted rights of inspection and auditing related to the outsourcing arrangement** (‘audit rights’), to enable them to monitor the outsourcing arrangement and to ensure compliance with all applicable regulatory and contractual requirements.”
- 13.3 91.a “**...institutions may use pooled audits** organised jointly with other clients of the same service provider, and performed by them and these clients or by a third party appointed by them, to use audit resources more efficiently and to decrease the organisational burden on both the clients and the service provider.”

How Suppliers Can Register

The Stage 3 Assessment Programme follows a similar pattern to stages 1 and 2, with it being an invite only process meaning that should you be selected then you will receive confirmation directly from [Hellios](#) and your customer. To be eligible for Stage 3 supplier organisations must be complete and fully published stage 2 within the FSQS questionnaire process.

Assessments are under way

Assessments begun in the back end of 2020 with the first ones being completed prior to Christmas. Due to COVID restrictions all have been carried out remotely via video.

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