BARCLAYS

External Supplier Control Obligations

Transaction Operations Risk

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Control Title	Control Description	Why this is important
Accuracy and completeness of Customer Transaction Processing	The supplier must ensure that accuracy and completeness of all Customer Transactions is maintained throughout the Customer Transaction. The supplier must have validation Controls to reduce the risk of inaccurate or incomplete processing and ensure an effective level of Segregation of Duties. Suppliers must manage this risk by implementing an appropriate mix of the below Preventative and Detective Controls: • Dual Authentication/ Maker-Checker Controls prior to completion of Transaction. • Limits of Authority to ensure Customer Transactions are approved by colleagues with sufficient authority, • Reconciliation process - Customer books and records reconciled against relevant general ledger daily, to monitor duplicate and erroneous Customer Transactions. • Exception reporting - exceptions must be reviewed with appropriate action taken.	If this requirement is not implemented, Barclays may not be able to gain confidence that Supplier has the adequate Controls to ensure that the integrity of Customer Transactions is maintained throughout the Customer Transaction. This may result in Customer Transactions being processed inaccurately or untimely and associated reputational damage and/or regulatory fine.
Quality Assurance of Customer Transaction Processing	Where regular independent Quality Assurance checks are being performed, the supplier must have a documented Quality Assurance Framework containing frequency of testing; sample size and selection; risk assessment of products or processes; tolerance or ‘pass' rates; and generation of results. Testing must be carried out independently of the processor. Where Quality Assurance is undertaken, the supplier must attest at least annually that a documented Quality Assurance Framework is in place, reviewed and meets the minimum requirements.	If this requirement is not implemented, Barclays may not be able to gain confidence that Supplier has adequate Controls to ensure that Customer Transactions are processing accurately and timely. This may result in associated reputational damage and/or regulatory fine/censure.

Control Title	Control Description	Why this is important
Authorisation throughout Customer Transaction	The supplier must ensure that, Limits of Authority are established, documented and Customer Transactions processed by, and approved by, colleagues with sufficient authority, depending on the value and nature of the Customer Transaction. This excludes the authorisation of payments which is out of scope for Transaction Operations Risk. The supplier must review both Manual and Systemic Limits of Authority at least annually or when there is change to a process to ensure they remain appropriate.	This requirement confirms the validity of Customer Transaction instructions by ensuring that the different level of authority provided throughout the Customer Transaction is aligned with the business established and approved delegation of authority. This Control mitigates the risk of loss associated with fraudulent/inaccurate Customer Transactions, associated reputational damage and/or regulator fine/censure.
Standard Operating Procedures	The Supplier must have documented Standard Operating Procedures (SOP) describing the steps to operate Customer Transaction processing, including where relevant: Manual Controls to be operated, authorisation limits, escalation steps and service level agreements. The Supplier must review, refresh and sign off all Standard Operating Procedures at least annually and amend whenever a significant change occurs. Procedures must be approved, with evidence retained to demonstrate review and approval.	This is required to ensure Customer Transactions are processed accurately, timely and within agreed limits, to reduce risk associated with Customer Transaction processing. Failure to document Standard Operating Procedures, could also result in staff not being aware of their responsibilities when processing Customer Transactions and Barclays may not be able to gain confidence that the Supplier has adequate documented procedures to respond to risk associated with Customer Transaction processing.

Term	Definitions
Bank	Barclays
Customer/Client	An external party, with an existing, previous or a prospective relationship with the Bank, utilising one or more services of the Bank. In this context the definition doesn't include the wider stakeholders like investors, shareholders, employees, regulators, suppliers etc. (includes existing, previous and potential Customers/Clients and counterparties).
Control	A Control is a manual or automated activity or action that is designed to mitigate risk. Typically, a number of Controls collectively mitigate a risk.
Customer Transaction/Transactions	End-to-end process of initiation, processing and fulfilment of an interaction between a Customer/Client and the Bank with an underlying financial instrument (e.g. Mortgage, Derivative product, Trade Product etc.) in consideration, initiated either by the Customer/Client or the Bank.
Detective Control	Control intended to find problems within a process once it has occurred.
Dual Authentication / Maker-Checker	Two step verification which ensures that, for each Customer Transaction, there must be at least two individuals necessary for its completion.
Exception	Something that is left out or not done on purpose.
Limits of Authority	Authorization for individuals, which allow them authority to process a Customer Transaction up to an agreed value.
Manual	Anything that involves human intervention anywhere within the end-to-end Transaction process.
Preventative Control	Proactive Control intended to deter or prevent errors from occurring or to help to prevent a loss.
Quality Assurance	Systematic process used to determine if a service meets quality standards.
Quality Assurance Framework	Method used to monitor quality.
Reconciliation	Compares two sets of data to check that figures are correct and in agreement.
Systematic	Pertaining to a system
Standard Operating Procedures (SOP)	Standard Operating Procedures are documented step-by-step instructions, that staff use when performing complex or routine processing. SOPs aim to achieve efficiency, quality output and uniformity, while reducing miscommunication and failure to comply with industry regulations.

Segregation Of Duties	Control designed to prevent error and fraud in a Customer Transaction by ensuring that at least two individuals are responsible for the separate parts of the Transaction.
Transaction Operations	Operational processing (initiation, processing and fulfilment) of a Customer Transaction (excluding payments) between a Customer and the Bank. The risk is of detriment, financial loss and or reputational damage to the Bank or its Customers, arising from untimely or inaccurate execution.
Transaction Operations Risk	Transaction Operations Risk refers to the risk of unintentional error and /or failure in the end to end processing of Customer Transactions between the Customer/Client and the Bank.